



TURNBERRY

BNC Metropolitan District No. 1

FINANCIAL STATEMENTS

**As of and for the 12-month period ended
December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

July 25, 2021

To the Board of Directors
BNC No 1 Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of BNC No 1 Metropolitan District as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control and relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major funds of BNC No 1 Metropolitan District, as of December 31, 2020 and the respective changes in financial position and the budgetary comparison for the General Fund, Reserve Fund and Debt Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise BNC No 1 Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

B F Boyer CPA PC

**Certified Public Accountants
Lakewood, CO**

BNC METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 178,796
Cash and investments – restricted	367,781
Accounts receivable – specific ownership taxes	5,224
Property taxes receivable	1,194,300
Prepaid expenses	21,385
Capital assets, net of depreciation	1,851,002
Construction in process	-
Land	-
Total Assets	3,618,488
LIABILITIES	
Accounts payable and accrued liabilities	-
Accrued interest payable	145,643
Current portion of municipal bonds	190,000
Municipal bonds	11,291,000
Bond premium	479,075
Total Liabilities	12,105,718
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	1,194,300
NET POSITION	
Non-spendable	21,385
Restricted:	
Emergency reserves	10,000
Debt service	360,010
Capital projects	1,917
Unassigned:	(10,074,842)
Total Net Position	(\$ 9,681,530)

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	(\$ 16,215)	\$ -	\$ -	\$ -	(\$ 16,215)
Interest and related costs on long-term debt	(599,288)	-	-	-	(599,288)
Capital project activities	(3,475,630)	-	-	-	(3,475,630)
	<u>(\$4,091,133)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,091,133)</u>
General Revenues					
	Property taxes				962,055
	Specific ownership taxes				64,934
	Net investment income				20,051
	Total general revenue				<u>1,047,040</u>
	Change in net position				<u>(3,044,093)</u>
	Net Position (Deficit) – Beginning of Year (See Note 7)				<u>(6,637,437)</u>
	Net Position (Deficit) – End of Year				<u>(\$ 9,681,530)</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2020

	General	Debt Service	Capital Projects	Total Govt. Funds
ASSETS				
Cash and investments	\$ 178,796	\$ -	\$ -	\$ 178,796
Cash and investments - Restricted	10,000	355,864	1,917	367,781
Interfund receivable	-	-	-	-
Accounts receivable – spec ownership taxes	1,078	4,146	-	5,224
Property taxes receivable	380,600	813,700	-	1,194,300
Prepaid expenses	21,385	-	-	21,385
TOTAL ASSETS	\$ 591,859	\$ 1,173,710	\$ 1,917	\$ 1,767,486
LIABILITIES				
Accounts payable and accrued liabilities	-	-	-	-
Interfund payable	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	380,600	813,700	-	1,194,300
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	380,600	813,700	-	1,194,300
FUND BALANCES				
Non-spendable	21,385	-	-	21,385
Restricted:				
Emergencies (TABOR)	10,000	-	-	10,000
Debt service	-	360,010	-	360,010
Capital projects	-	-	1,917	1,917
Unrestricted	179,874	-	-	179,874
Total Fund Balances	211,259	360,010	1,917	573,186
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 591,859	\$ 1,173,710	\$ 1,917	

Amounts reported for governmental activities in the statement of net position are different because:

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds

Property, structures and equipment, net	1,851,002
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

Bonds payable	(11,481,000)
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Bond premium	(479,075)
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Accrued interest payable	(145,643)
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Net position of governmental activities	<u>(\$9,681,530)</u>
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended December 31, 2020

	General	Debt Service	Capital Projects	Total Government Funds
REVENUES				
Property taxes	\$ 198,515	\$ 763,540	\$ -	\$ 962,055
Specific ownership taxes	13,399	51,535	-	64,934
Net investment income	4,200	32	15,819	20,051
Total revenues	216,114	815,107	15,819	1,047,040
EXPENDITURES				
General and administration	12,915	-	-	12,915
Landscaping maintenance	3,300	-	-	3,300
Direct and indirect collection costs	-	69,047	-	69,047
Debt service				
Bond interest – Series 2017A Bonds	-	426,100	-	426,100
Bond principal – Series 2017A Bonds	-	185,000	-	185,000
Bond interest – Series 2017B Bonds	-	210,000	-	210,000
Transfer to BNC MD No. 3	-	-	3,363,277	3,363,277
Total Expenditures	16,215	890,147	3,363,277	4,269,639
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	199,899	(75,040)	(3,347,458)	(3,222,599)
OTHER FINANCING SOURCES (USES)				
Fund transfers	(244,545)	233,815	10,730	-
NET CHANGE IN FUND BALANCE	(44,646)	158,775	(3,336,728)	(3,222,599)
FIND BALANCES – BEGINNING OF YEAR	255,905	201,235	3,338,645	3,795,785
FUND BALANCES – END OF YEAR	<u>\$ 211,259</u>	<u>\$ 360,010</u>	<u>\$ 1,917</u>	<u>\$ 573,186</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
12-Month Period Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – Total government funds	(\$ 3,222,599)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayment on series 2016 bonds	185,000
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Public infrastructure acquisition costs	
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Depreciation expense on property, structures and equipment	(112,353)
Amortization of Series 2015A Bond discount	30,528
Decrease in accrued bond interest payable	75,331

Changes in net position of governmental activities	(\$ 3,044,093)
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 196,894	\$ 198,515	\$ 1,621
Specific ownership taxes	-	13,399	13,399
Net investment income	20	4,200	4,180
Total revenues	<u>196,914</u>	<u>216,114</u>	<u>19,200</u>
EXPENDITURES			
General and administration	69,400	12,915	56,485
Landscaping expenses	11,600	3,300	8,300
Total expenditures	<u>81,000</u>	<u>16,215</u>	<u>64,785</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>115,914</u>	<u>199,899</u>	<u>83,985</u>
OTHER FINANCING SOURCES (USES)			
Repay Developer advances	(189,000)	-	189,000
Transfers in (out)	-	(244,545)	(244,545)
Total other financing sources (uses)	<u>(189,000)</u>	<u>(244,545)</u>	<u>(55,545)</u>
NET CHANGE IN FUND BALANCE	<u>(73,086)</u>	<u>(44,646)</u>	<u>28,440</u>
FUND BALANCE – BEGINNING OF YEAR	<u>127,581</u>	<u>255,905</u>	<u>128,324</u>
FUND BALANCE – END OF YEAR	<u>\$ 54,495</u>	<u>\$ 211,259</u>	<u>\$ 156,764</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
GENERAL FUND EXPENDITURE
DETAILS– BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District accounting & management fees	\$43,000	\$ 30,181	\$ 12,819
Administrative costs	3,750	5,774	(2,024)
Election costs	-	10,391	(10,391)
Audit fees	4,500	5,940	(1,440)
Collection fees – County Treasurer	2,953	2,952	1.00
Board of Directors’ fees	-	1,000	(1,000)
Board training and conferences	-	-	-
Insurance	4,200	3,035	1,165
Legal fees	7,500	5,307	2,193
Contingency	3,497	-	3,497
Indirect collection cost allocation	-	(51,665)	51,665
Total General and Administration	\$ 69,400	\$ 12,915	\$ 56,485

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2020

NOTE 1 – DEFINITION OF REPORTING ENTITY

BNC Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 30, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Commerce City (City) in August 2000 and amended with City approval in September 2003. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of approximately 22.7 acres of undeveloped land on the south side of 104th Avenue and 458 single family homes on the north side of 104th Avenue. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows of the District is reported as net position.

These notes are an integral part of the accompanying financial statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

In accordance with Colorado State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

These notes are an integral part of the accompanying financial statements.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

On November 7, 2000, District voters authorized the District to assess property taxes up to \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. In 2019, the District's share of Specific ownership taxes was equal to approximately 8.05% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process

These notes are an integral part of the accompanying financial statements.

and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

Because the District provided minimal services to District residents in 2020, the District allocated indirect collection costs between its general fund (20% cost allocation) and its debt fund (80% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2020 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets that are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Bond Premiums

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Equity

Net Position

These notes are an integral part of the accompanying financial statements.

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- **Committed fund balance** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- **Assigned fund balance** – The portion of a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- **Unassigned fund balance** – The residual portion of a fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ 178,796
Cash and investments – restricted	367,781
Total cash and investments	\$ 546,577

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 213,650
Investments	333,927

These notes are an integral part of the accompanying financial statements.

Total cash and investments

\$ 546,577

These notes are an integral part of the accompanying financial statements.

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank and carrying balance of \$213,650.

Investments

The District has not adopted a formal investment policy. However, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

These notes are an integral part of the accompanying financial statements.

As of December 31, 2020, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 333,927
		\$ 333,927

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2020, follows:

	Balance at Dec. 31, 2019	Additions	Dedications	Balance at Dec. 31, 2020	Accumulated Depreciation
Capital assets not being depreciated					
Land	\$ -	\$ -	\$ -	\$ -	
Total capital assets not being depreciated	-	-	-	-	
Capital assets subject to depreciation					
Perimeter fencing	-	-	-	-	-
Landscaping in public open spaces	2,962,749	-	-	2,962,749	(1,448,837)
Community pool facility	518,600	-	-	518,600	(181,510)
Total capital assets subject to depreciation	3,481,349	-	-	3,481,349	(1,630,347)
Governmental activities – Capital assets, net	\$ 3,481,349	\$ -	\$ -	\$ 3,481,349	(\$ 1,630,347)

In 2006, the District funded the installation of landscaping improvements and perimeter fencing across approximately 16 acres of public open spaces located within the District. The District also funded the construction of a public swimming pool facility. As of December 31, 2020, CCC Note, LLC had not yet turned ownership of the 16 acres of developed open space over to the District.

These notes are an integral part of the accompanying financial statements.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2020:

	Balance at Dec. 31, 2019	Additions	Retirements	Balance at Dec. 31, 2020	Due within one year
Series 2017A G.O. Bonds	\$ 10,025,000	\$ -	(\$ 185,000)	\$ 9,840,000	\$ 190,000
Accrued Interest – Series 2018A G.O. Bonds	35,958	-	-	35,958	
Series 2017B G.O. Bonds	1,641,000	-	-	1,641,000	-
Accrued Interest – Series 2017B G.O. Bonds	185,016	-	(75,331)	109,685	-
Series 2017A Bond Premium	509,603	-	(30,528)	479,075	-
Total	\$ 12,396,577	\$ -	(\$ 290,859)	\$ 12,105,718	\$ 190,000

Details regarding the District's long-term obligations are as follows:

Series 2017A General Obligation Refunding and Improvement Bonds (Senior Bonds)

On November 02, 2017, the District issued Limited Tax (Convertible to Unlimited Tax) G.O. Refunding and Improvement Bonds, Series 2017A in the amount of \$10,340,000. The Senior Bonds bear interest at rates ranging from 3.00% to 5.00%, and the Bonds are payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2028. The Senior Bonds mature on December 1, 2047.

The proceeds from the sale of the Senior Bonds were used as follows:

Bond proceeds	\$ 10,340,000
Bond premium	571,724
Less:	
Refund the Series 2013A bonds	(4,917,000)
Refund the Series 2013B bonds	(2,806,229)
Accrued interest on 2013 Bonds	(56,629)
Funds restricted for the Senior Reserve Fund	(307,156)
Funds restricted for the Senior Bond Fund	(40,000)
Underwriter's discount	(51,700)
Legal, accounting and other costs of issuance	(297,196)
Net bond proceeds available for funding costs of public improvements	\$ 2,435,814

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Fees; and
- d) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

These notes are an integral part of the accompanying financial statements.

Amounts on deposit in the Senior Bond Fund and, prior to the Conversion Date, amounts on deposit in the Senior Reserve Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Reserve Fund in accordance with the Senior Indenture up to the Maximum Reserve Amount of \$307,156.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount. Pursuant to the Senior Indenture, the Senior Surplus Fund will be terminated upon the Conversion Date, if it occurs, and any moneys therein applied to any legal purpose of the District. The balance in the Senior Reserve Fund at December 31, 2020, was \$307,210.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2027, and on any date thereafter, upon payment of par, accrued interest, without redemption premium:

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 190,000	\$ 420,500	\$ 610,500
2022	200,000	412,950	612,950
2023	205,000	404,950	609,950
2024	215,000	396,750	611,750
2025	225,000	386,000	611,000
2026 to 2030	1,310,000	1,749,500	3,056,750
2031 to 2035	1,670,000	1,388,000	3,058,000
2036 to 2040	2,110,000	950,362	3,060,362
2041 to 2045	2,555,000	512,063	3,067,063
2046 to 2047	1,160,000	65,625	1,225,625
Total	<u>\$ 9,840,000</u>	<u>\$ 6,686,700</u>	<u>\$ 16,526,700</u>

The District's detail debt service schedule for its Senior Bonds is provided on page 29.

Series 2017B Subordinate General Obligation Limited Tax Bonds (Subordinate Bonds)

On November 02, 2017, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2017B in the amount of \$1,641,000. The stated interest rate on the Subordinate Bonds is 7.375% per annum, and the Bonds are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 16, 2047. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 16, 2057, such amounts shall be deemed discharged and shall no longer be due and outstanding.

These notes are an integral part of the accompanying financial statements.

The proceeds from the sale of the Subordinate Bonds were used as follows:

Bond proceeds	\$ 1,641,000
Less:	
Underwriter's discount	(49,230)
Net bond proceeds available for funding costs of public improvements	\$ 1,591,770

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2022, to December 14, 2023	3.0%	\$ 49,230
December 15, 2023, to December 14, 2024	2.0%	\$ 32,820
December 15, 2024, to December 14, 2025	1.0%	\$ 16,410
December 15, 2025, and thereafter	0.0%	\$ -

Debt Authorization

Debt Authorization – Service Plan

The District's Service Plan, which was approved by the City on September 15, 2003, authorizes the District, BNC Metropolitan District No 1 (BNC1) and BNC Metropolitan District No. 3 (BNC3) to issue up to \$60 million in debt among the three districts. The District's Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000. As of August 21, 2000, the ratio was 9.74%. The ratio for 2020 was 7.15%, which caused the District's Maximum Mill Levy for debt service for 2020 to be 68.111.

These notes are an integral part of the accompanying financial statements.

As of December 31, 2020, total remaining debt issuance authorization under the District's Third Amended and Restated Service Plan is as follows:

	BNC Metro 1	BNC Metro 2	BNC Metro 3	Combined Total
Authorized maximum debt issuance per Service Plan				\$60,000,000
Less:				
Series 2004 Bonds	\$ 6,020,000	\$ -	\$ -	
Series 2005 Bonds	-	5,000,000	-	
Series 2013A Bonds	5,500,000	-	-	
Series 2013B Bonds	2,210,000	-	-	
Series 2017A Bonds	10,340,000	-	-	
Series 2017B Bonds	1,641,000	-	-	
Series 2019A Bonds	-	16,755,000	-	
Series 2019B Bonds	-	5,962,000	-	
Total debt issued	25,711,000	27,717,000	-	(53,428,000)
Refunding of debt	(10,830,222)	(2,477,057)	-	13,307,279
Total Issued Debt, net of refunding debt	\$ 14,880,778	\$ 25,239,943	\$ -	(40,120,721)
Total Remaining Debt Authorized by Service Plan				\$19,879,279

The combined financing plan for the District, BNC2 and BNC3 which was included in the respective District's 2003 service plans submitted to the City projected (1) issuing debt totaling \$30 million to fund the installation of public infrastructure across all three districts and (2) the full build-out of all residential lots across all three districts to be completed by 2011. As of December 31, 2020, the District is fully built out, BNC2 is partially built out, BNC3 is undeveloped.

Debt Authorization – TABOR

On November 7, 2000, the District's authorized the issuance of indebtedness in an amount not to exceed \$120,000,000 for infrastructure improvements and operations at an interest rate not to exceed 15% and \$60,000,000 for refunding the District's debt.

These notes are an integral part of the accompanying financial statements.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov. 2000 Election	Authorization Used Series 2004, 2013A, 2013B, 2017A and 2017B Bonds	Authorization Expired in 2020	Remaining Authorization
Street improvements	\$ 21,000,000	\$ 7,989,599	\$ 13,010,351	\$ -
Park and recreational facilities	16,000,000	3,832,772	12,167,228	-
Water supply facilities	11,000,000	631,409	10,368,591	-
Sanitation facilities	9,500,000	1,458,954	8,041,046	-
Television relay facilities	1,000,000	181,000	819,000	-
Mosquito control facilities	1,000,000	19,000	981,000	-
Operations and maintenance	500,000	-	500,000	-
Intergovernmental agreements	60,000,000	-	60,000,000	-
Subtotal	120,000,000	14,112,734	105,887,266	-
Refunding of debt	60,000,000	11,598,266	48,401,734	-
Total	\$180,000,000	\$ 25,711,000	\$ 154,289,000	\$ -

NOTE 6 – CONTINGENT OBLIGATIONS

The District has entered into three contingent obligation agreements with the Developers (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner ("Commissioner"). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2020:

Operations and Maintenance Cost Reimbursement Agreement. The District entered into an Amended and Restated Operation Funding Agreement – as executed on May 18, 2004 and amended on March 21, 2006, May 15, 2007, October 16, 2007, and November 18, 2008 – (AROF Agreement) with 104th Avenue Investment Partners, LLC (104 AIP, LLC) pursuant to which 104 AIP, LLC agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The District agreed to reimburse the 104 AIP, LLC for such amounts, subject to annual appropriation by the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. On December 31, 2024, any remaining unpaid balances due to 104 AIP, LLC under the AROF Agreement will be discharged.

On October 24, 2017, the District Board, which was comprised of two directors who were owners of Catellus CC Note, LLC (CCC Note, LLC) and three directors who were owners of 104 AIP, LLC, and 104 AIP, LLC amended the AROF Agreement to require any District repayments made under this Agreement to be paid 50% to CCC Note, LLC and 50% to 104 AIP, LLC. As of the date this amendment was executed, total advances from 106 AIP, LLC and accrued interest under the AROF Agreement totaled approximately \$782,000.

These notes are an integral part of the accompanying financial statements.

For the 12-month period ended December 31, 2020, District payments made, advances received and interest accrued under the OMCR Agreement is as follows:

	<u>104 AIP, LLC</u>	<u>CCC Note, LLC</u>	<u>Total</u>
Developers Advances – Operations			
Beginning Balance (Jan. 01, 2020)	\$ 219,983	\$ 219,983	\$ 439,966
Additional advances	-	-	-
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 219,983	\$ 219,983	\$ 439,966
Accrued Interest on Developers Advances – Operations			
Beginning Balance (Jan. 01, 2020)	\$ 159,981	\$ 159,981	\$ 319,962
Accrued interest	17,599	17,599	35,198
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 177,580	\$ 177,580	\$ 355,160

2003 Public Facility Reimbursement Agreement. On July 01, 2003, the District entered into a Public Facility Reimbursement Agreement with 104 AIP, LLC (2003 PFR Agreement) pursuant to which 104 AIP, LLC agreed to advance to the District approximately \$50,000 to fund the organizational costs of the District and up to \$2 million to fund the construction of public improvements within the boundaries of the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. The District agreed to reimburse 104 AIP, LLC for such amounts, subject to annual appropriation by the District. The 2003 PFR Agreement will terminate and any remaining unpaid balances due to 104 AIP, LLC under the PFR Agreement will be discharged upon the earlier of either (1) repayment of total outstanding principal and interest due to 104 AIP, LLC or (2) December 31, 2023.

On October 24, 2017, the District Board, which was comprised of two directors who were owners of Catellus CC Note, LLC (CCC Note, LLC) and three directors who were owners of 104 AIP, LLC, and 104 AIP, LLC amended the 2003 PFR Agreement to require any District repayments made under this Agreement to be paid 50% to CCC Note, LLC and 50% to 104 AIP, LLC. As of the date this amendment was executed, total advances from 106 AIP, LLC and accrued interest under the PFR Agreement totaled approximately \$169,000.

In 2020, reimbursable costs incurred by and related payments to the Developers under the PFR Agreement is as follows:

	<u>104 AIP, LLC</u>	<u>CCC Note, LLC</u>	<u>Total</u>
Developers' Capital Advances			
Beginning Balance (Jan. 01, 2020)	\$ 26,272	\$ 26,271	\$ 52,543
Reimbursable costs	-	-	-
Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 26,272	\$ 26,271	\$ 52,543
Accrued Interest on Developers' Capital Advances			
Beginning Balance (Jan. 01, 2020)	\$ 2,102	\$ 2,102	\$ 4,204
Accrued interest	2,102	2,102	4,204

These notes are an integral part of the accompanying financial statements.

Payments to the Developers	-	-	-
Ending Balance (Dec. 31, 2020)	\$ 4,204	\$ 4,204	\$ 8,408

2017 Public Facility Reimbursement Agreement. On October 24, 2017, the District entered into a Public Facility Reimbursement Agreement with CCC Note, LLC (2017PFR Agreement) pursuant to which CCC Note, LLC agreed to advance to the District cash to fund the construction of public improvements within the boundaries of the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. Any contingent obligations owing under the 2017 PFR Agreement are subordinate to any contingent obligations owing under the 2003 PFR Agreement. The District agreed to reimburse CCC Note, LLC for such amounts, subject to annual appropriation by the District. The 2017 PFR Agreement will terminate and any remaining unpaid balances due to CCC Note, LLC under the 2017 PFR Agreement will be discharged on December 31, 2057.

For the year ended December 31, 2020, no reimbursable costs were incurred by nor owing to CCC Note, LLC under the 2017PFR Agreement.

NOTE 7 – NET POSITION (DEFICIT)

Correction of Error

In 2018, the District reimbursed the Developer \$347,803 for a portion of construction costs related to widening and improving Potomac Avenue between E 108th Ave and E 112th Ave. In 2020, the Developer turned this public infrastructure over to the City. Because the Developer retained the right to convey the “sold” public infrastructure to the City and the Developer (not the District) was obligated to warranty the public infrastructure to the City, such public infrastructure did not meet the criteria of an asset held by the District.

The effect of this treatment on the District’s net position as follows:

Net deficit - December 31, 2019, as originally stated	(\$ 6,289,634)
Elimination of construction in progress assets not owned by the District	(347,803)
Net deficit - December 31, 2019, as restated	(\$ 6,637,437)

Non-Spendable Net Position

The District’s non-spendable net position as of December 31, 2020 in the general fund, debt service fund and capital project fund totaled \$21,385, \$0, and \$0, respectively.

Restricted Net Position

The District’s restricted net position as of December 31, 2020 in the general fund, debt service fund and capital projects fund totaled \$10,000, \$360,010 and \$1,917, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2017 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

These notes are an integral part of the accompanying financial statements.

The District's unassigned net position as of December 31, 2020 totaled (\$10,074,842). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City and the District.

NOTE 8 – AGREEMENTS

Management Agreement with HOA

On May 16, 2006, the District and the Turnberry Meadows Homeowners Association, Inc. (HOA) entered into an agreement where the HOA agreed to operate, maintain and keep open to the public various public facilities owned by the District including a swimming pool, picnic pavilion, restrooms, drinking fountains, tot lots, playfield, landscaping, drainage and parking lots. The HOA agreed to provide such services at its own cost and the HOA is not entitled to any reimbursement from the District for any costs the HOA incurs from providing services under this Agreement. The Agreement automatically renews annually on January 1st of each year and may be terminated by either party by providing notice to the other party 60 days prior to the Agreement's automatic renewal date.

Cost Sharing Agreement with BNC 2 and BNC3

On October 24, 2017, the District entered into an agreement with BNC Metropolitan District No. 2 (BNC2) and BNC Metropolitan District No. 3 (BNC3) to share the costs of installing five public improvements projects located within and without the boundaries of the three districts (Cost Sharing IGA). When this Cost Sharing IGA was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developers.

The five public improvements subject to funding under the Cost Sharing IGA (and related estimated project costs per the Cost Sharing IGA) are as follows;

	Location of Infrastructure	District	BNC2	BNC3	Total
Potomac Street Improvements (from E 108 th Ave to 112 th Ave)	BNC2	\$ 464,166	\$ 596,785	\$ 265,238	\$ 1,326,189
108 th Avenue (from Turnberry Pkwy to Potomac St)	BNC2	604,678	769,590	-	1,374,268
Turnberry Parkway (from 108 th Ave to Potomac St)	BNC2	1,680,603	2,138,950	-	3,819,553
Open space landscaping (Turnberry subdivision filing 3)	BNC1	548,410	-	-	548,410
Revere Street (South side of 104 th Avenue)	BNC3	1,116,906	1,116,906	3,350,718	5,584,530
Total Estimated Cost Allocation		\$4,414,765	\$4,622,232	\$3,615,957	\$12,652,949

As of December 31, 2020, the status of each of the five projects is as follows:

- The Potomac Street improvement project – completed in 2017
- 108th Avenue installation project – completed in 2018
- Turnberry Parkway installation project – partially completed / under construction
- Open space landscaping in Turnberry Filing No. 3 – completed in 2017
- Revere Street (South side of 104th Avenue) installation project – not yet started

These notes are an integral part of the accompanying financial statements.

The District's maximum funding commitment under the Cost Sharing IGA is limited to \$3,944,802 of the net cash proceeds from the issuance of the District's 2017 bonds – regardless of the actual costs of the five projects ultimately allocated to the District. This Cost Sharing IGA may be terminated by either (1) mutual consent of all three districts or (2) all three districts accept the allocation of actual costs incurred to construct all five public infrastructure projects.

On December 23, 2019, the District, BNC2 and BNC3 amended the Cost Sharing IGA to appoint BNC3 as the entity responsible for constructing the remaining public improvement projects. Also, per the amendment, the District agreed to transfer all cash from the District's senior and subordinate project funds (which were funded from the District's 2017 bond proceeds) to BNC3. As of December 31, 2020, total cash held in the District's senior and subordinate project funds totaled \$3,351,849. Any such funds not utilized by BNC3 by December 31, 2022 will be returned to the District. When this Cost Sharing IGA was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developers.

On April 24, 2020, the District transferred \$3,363,277 to BNC3 under the Cost Sharing IGA.

NOTE 9 – RELATED PARTIES

The owners and developers of the land within the District was 104th Avenue Investment Partners, LLC (104 AIP, LLC), BCX Development Partners, Inc (BCX) and Catellus CC Note, LLC (CCC Note, LLC) (collectively, the "Developers").

For the year-to-date period ended May 05, 2020, the District's board was comprised of five directors – two of whom were employees/owners of CCC Note, LLC, two of whom were employees/owners of BCX and 104 AIP, LLC and one of whom was a close relative of one of the other directors. To qualify themselves to serve as directors on the District's board, all five directors relied on land purchase contracts they entered into with the Developers. As of December 31, 2020, none of the Directors had exercised their options to purchase land within the District.

On May 5, 2020, three directors were elected to the 5-member Board all of whom reported no conflicts of interest or relationships with the Developers, BNC2, BNC3 or the HOA. A fourth independent director was appointed to the Board in September 2020 after one of the employees of CCC Note, LLC resigned from the Board.

Of the three directors who comprised the entire BNC Metropolitan District No. 2's (BNC2) board through May 05, 2020, two directors were the same individuals serving on the District's board and one director was an employee/owner of a company controlled by one of the directors serving on the District's board. Also, all directors serving on BNC2's board through May 05, 2020 also comprised all directors serving on BNC Metropolitan District No. 3's board. The District is a party to a 2017 Intergovernmental Cost-Sharing Agreement with BNC2 and BNC3. (See Note 8)

After the May 05, 2020 election, all directors serving on the BNC2 board reported no conflicts of interest serving on that board.

All directors serving on the Turnberry Meadows Homeowners Association, Inc (HOA) board are all owners or employees of CCC Note, LLC.

As of December 31, 2020, active related party transactions and agreements between the District and the Developers were as follows:

These notes are an integral part of the accompanying financial statements.

- The District is party to a 2006 agreement where the HOA has agreed to manage and maintain the District's properties and facilities (See Note 8)
- The District is a party to a 2017 Intergovernmental Cost-Sharing Agreement with BNC2 and BNC3 (See Note 8)
- The District is a party to an Operation Funding Agreement with 104 AIP, LLC and CCC Note, LLP (See Note 6)
- The District is party to a 2003 public facility reimbursement agreement with 104 AIP, LLC and CCC Note, LLC (See Note 6)
- The District is party to a 2017 public facility reimbursement agreement with CCC Note, LLC (See Note 6)

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution—referred to as the Taxpayer's Bill of Rights (TABOR)—contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 07, 2000, District voters authorized the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

These notes are an integral part of the accompanying financial statements.

NOTE 12 – SUBSEQUENT EVENTS

On March 30, 2021, the District entered into a one-year agreement with the Turnberry Meadows HOA to provide covenant enforcement and architectural review services for a 12-month period beginning January 01, 2021. The cost of providing such services will be funded from revenues generated by the HOA. This agreement automatically renews on January 1st of each calendar year unless cancelled by either party no less than 30 days prior to the renewal date.

On May 13, 2021, the Turnberry Meadows HOA transferred ownership of 19 open space land tracts (including the community swimming pool and two playgrounds) to the District.

As of June 01, 2021, one director – an owner of CCC Note, LLC - vacated his seat on the Board. All directors then serving on the District's board reported no conflicts of interest from serving on the board.

SUPPLEMENTARY INFORMATION

BNC METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Property taxes	\$ 757,303	\$ 757,303	\$ 763,540	\$ 6,237
Specific ownership taxes	76,336	76,336	51,535	(24,801)
Net investment income	6,000	6,000	32	(5,968)
Total revenues	839,639	839,639	815,107	(24,532)
EXPENDITURES				
Direct and Indirect collection costs	28,900	69,100	69,047	53
Debt service				
Bond interest – 2017A Series Bonds	426,100	426,100	426,100	-
Bond interest – 2017B Series Bonds	210,000	210,000	210,000	-
Bond principal – 2017A Series Bonds	185,000	185,000	185,000	-
Total expenditures	850,000	890,200	890,147	53
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,361)	(50,561)	(75,040)	(24,479)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	233,800	233,815	15
Total other financing sources (uses)	-	233,800	233,815	15
NET CHANGE IN FUND BALANCE	(10,361)	183,239	158,775	(24,464)
FUND BALANCE – BEGINNING OF YEAR	331,799	331,799	201,235	(130,564)
FUND BALANCE – END OF YEAR	\$ 321,438	\$ 515,038	\$ 360,010	(\$ 155,028)

BNC METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$50,000	\$ 15,819	(\$ 34,181)
Other revenue	5,115	-	(5,115)
Total revenues	<u>55,115</u>	<u>15,819</u>	<u>(39,296)</u>
EXPENDITURES			
Transfer to BNC MD No. 3	3,400,000	3,363,277	36,723
Capital projects			
Major capital projects	-	-	-
Total expenditures	<u>3,400,000</u>	<u>3,363,277</u>	<u>36,723</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,344,885)</u>	<u>(3,347,458)</u>	<u>(2,573)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	10,730	10,730
Total other financing sources (uses)	<u>-</u>	<u>10,730</u>	<u>10,730</u>
NET CHANGE IN FUND BALANCE	<u>(3,344,885)</u>	<u>(3,336,728)</u>	<u>8,157</u>
FUND BALANCE – BEGINNING OF YEAR	<u>3,344,885</u>	<u>3,338,645</u>	<u>(6,240)</u>
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<u>\$ 1,917</u>	<u>\$ 1,917</u>

BNC METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

The District's repayment schedule for its Series 2017A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2021	\$ 190,000	\$ 420,500	3.75% to 5.00%	\$ 610,500
2022	200,000	412,950	3.75% to 5.00%	612,950
2023	205,000	404,950	3.75% to 5.00%	609,950
2024	215,000	396,750	3.75% to 5.00%	611,750
2025	225,000	386,000	3.75% to 5.00%	611,000
2026	235,000	374,750	3.75% to 5.00%	609,750
2027	250,000	363,000	3.75% to 5.00%	613,000
2028	260,000	350,500	3.75% to 5.00%	610,500
2029	275,000	337,500	3.75% to 5.00%	612,500
2030	290,000	323,750	3.75% to 5.00%	613,750
2031	300,000	309,250	3.75% to 5.00%	609,250
2032	315,000	294,250	3.75% to 5.00%	609,250
2033	335,000	278,500	3.75% to 5.00%	613,500
2034	350,000	261,750	3.75% to 5.00%	611,750
2035	370,000	244,250	3.75% to 5.00%	614,250
2036	385,000	225,750	3.75% to 5.00%	610,750
2037	405,000	206,500	3.75% to 5.00%	611,500
2038	425,000	188,862	3.75% to 5.00%	613,862
2039	440,000	172,875	3.75% to 5.00%	612,875
2040	455,000	156,375	3.75% to 5.00%	611,375
2041	475,000	139,313	3.75% to 5.00%	614,313
2042	490,000	121,500	3.75% to 5.00%	611,500
2043	510,000	103,125	3.75% to 5.00%	613,125
2044	530,000	84,000	3.75% to 5.00%	614,000
2045	550,000	64,125	3.75% to 5.00%	614,125
2046	570,000	43,500	3.75% to 5.00%	613,500
2047	590,000	22,125	3.75%	612,125
	<u>\$ 9,840,000</u>	<u>\$ 6,686,700</u>		<u>\$ 16,526,700</u>

The original face value of these bonds totaled \$10,340,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2017B Subordinate Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay these bonds.

BNC METROPOLITAN DISTRICT NO. 1
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2020

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2016	\$ 6,187,070	13.000	50.000	\$ 367,704	\$ 367,704	100.0%
2017	6,176,940	13.000	50.000	370,644	389,147	105.0%
2018	10,503,460	14.372	55.277	731,555	731,555	100.0%
2019	11,735,880	14.372	55.277	817,392	817,392	100.0%
2020	13,605,140	14.472	55.663	954,197	962,055	100.8%
2021	13,648,870	27.885	59.617	1,194,300	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

BNC METROPOLITAN DISTRICT NO. 1
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2020

	2021 Mill Levy *	2020 Mill Levy *	Change
BNC METRO DISTRICT NO 1	87.502	70.135	17.367
School District 27-Brighton	48.745	48.810	(0.065)
ADAMS COUNTY	26.897	20.000	(0.020)
COMMERCE CITY NORTH INFRASTRUCTURE	20.000	26.917	-
SOUTH ADAMS COUNTY FIRE PROTECTION DISTRICT	14.750	14.750	-
RANGEVIEW LIBRARY DISTRICT	3.670	3.677	(0.007)
COMMERCE CITY	3.200	3.104	0.096
SOUTH ADAMS WATER & SAN	2.490	2.449	0.041
URBAN DRAINAGE & FLOOD CONTROL	0.900	0.900	-
URBAN DRAINAGE SOUTH PLATTE	0.100	0.097	0.003
			-
Total Mill Levy	208.254	190.839	17.415

* -- For property tax collections in 2021

** -- For property tax collections in 2020

BNC METROPOLITAN DISTRICT NO. 1

HISTORICAL DEBT RATIOS

December 31, 2020

	2016	2017	2018	2019	2020
General Obligation Bonds	\$ 7,279,000	\$ 7,109,000	\$ 11,981,000	\$ 11,846,000	\$ 11,481,000
Accrued, unpaid interest - Bonds	\$ 320,531	\$ 398,228	\$ 55,795	\$ 176,481	\$ 145,643
Other TABOR debt	\$ -	\$ -	\$ -	\$ -	\$ -
Combined assessed property values within the District	6,176,940	10,503,460	11,735,880	13,605,140	13,648,870
Ratio of debt to assessed property values	123.0%	71.5%	102.6%	88.4%	85.2%