

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2020
with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	18
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Projects Fund	19
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	20



HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bramming Farm Metropolitan District No. 1
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bramming Farm Metropolitan District No. 1 (the District), Adams County, Colorado, as of and for the year ended December 31, 2020, 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 (U.S. GAAP); this includes the design, implementation, and maintenance of internal control 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 an opinion 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 order to design audit procedures that are appropriate 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Bramming Farm Metropolitan District No. 1, Adams County, Colorado, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with U.S. GAAP.

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund, and Summary of Assessed Valuation, Mill Levy and Property Taxes Collected were presented for the purpose of additional analysis and was not a required part of the financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund, and Summary of Assessed Valuation, Mill Levy and Property Taxes Collected are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hiratsuka & Associates, LLP

September 30, 2021
Wheat Ridge, Colorado

Bramming Farm Metropolitan District No. 1

BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash	\$ 119,768	\$ -	\$ -	\$ 119,768	\$ -	\$ 119,768
Cash - restricted	1,466	80,855	29,380	111,701	-	111,701
Receivable - County Treasurer	470	3,741	-	4,211	-	4,211
Property taxes receivable	24,625	274,146	-	298,771	-	298,771
Prepaid expenses	2,340	-	-	2,340	-	2,340
Total Assets	<u>\$ 148,669</u>	<u>\$ 358,742</u>	<u>\$ 29,380</u>	<u>\$ 536,791</u>	-	<u>536,791</u>
LIABILITIES						
Accounts payable	\$ 3,186	\$ -	\$ -	\$ 3,186	-	3,186
Accrued interest on long term debt	-	-	-	-	145,046	145,046
Long-term liabilities:						
Due within one year	-	-	-	-	50,000	50,000
Due in more than one year	-	-	-	-	6,540,323	6,540,323
Total Liabilities	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>	<u>6,735,369</u>	<u>6,738,555</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	24,625	274,146	-	298,771	-	298,771
Total Deferred Inflows of Resources	<u>24,625</u>	<u>274,146</u>	<u>-</u>	<u>298,771</u>	<u>-</u>	<u>298,771</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	2,340	-	-	2,340	(2,340)	-
Restricted:						
Emergencies	1,466	-	-	1,466	(1,466)	-
Debt service	-	84,596	-	84,596	(84,596)	-
Capital projects	-	-	29,380	29,380	(29,380)	-
Unassigned	117,052	-	-	117,052	(117,052)	-
Total Fund Balances	<u>120,858</u>	<u>84,596</u>	<u>29,380</u>	<u>234,834</u>	<u>(234,834)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 148,669</u>	<u>\$ 358,742</u>	<u>\$ 29,380</u>	<u>\$ 536,791</u>		
Net Position:						
Restricted for:						
Emergencies					1,466	1,466
Capital projects					29,380	29,380
Unrestricted					(6,531,381)	(6,531,381)
Total Net Position					<u>\$(6,500,535)</u>	<u>\$(6,500,535)</u>

The notes to the financial statements are an integral part of these statements.

Bramming Farm Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 10,356	\$ -	\$ -	\$ 10,356	\$ -	\$ 10,356
Insurance	2,656	-	-	2,656	-	2,656
Legal	8,691	-	-	8,691	-	8,691
Maintenance	11,500	-	-	11,500	-	11,500
Treasurer's fees	517	4,110	-	4,627	-	4,627
Trustee fee	-	500	-	500	-	500
Interest expense	-	238,500	-	238,500	212,472	450,972
Bond principal	-	45,000	-	45,000	(45,000)	-
Total Expenditures	<u>33,720</u>	<u>288,110</u>	<u>-</u>	<u>321,830</u>	<u>167,472</u>	<u>489,302</u>
GENERAL REVENUES						
Property taxes	34,431	273,792	-	308,223	-	308,223
Specific ownership taxes	2,527	20,093	-	22,620	-	22,620
Interest income	409	208	-	617	-	617
Payment in lieu of taxes	44,324	-	-	44,324	-	44,324
Total General Revenues	<u>81,691</u>	<u>294,093</u>	<u>-</u>	<u>375,784</u>	<u>-</u>	<u>375,784</u>
NET CHANGES IN FUND BALANCES	47,971	5,983	-	53,954	(53,954)	
CHANGE IN NET POSITION					(113,518)	(113,518)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR - RESTATED	72,887	78,613	29,380	180,880	(6,567,897)	(6,387,017)
END OF YEAR	<u>\$ 120,858</u>	<u>\$ 84,596</u>	<u>\$ 29,380</u>	<u>\$ 234,834</u>	<u>\$ (6,735,369)</u>	<u>\$ (6,500,535)</u>

The notes to the financial statements are an integral part of these statements.

Bramming Farm Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2020

	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 34,431	\$ 34,431	\$ -
Specific ownership taxes	2,852	2,527	(325)
Interest income	100	409	309
Payment in lieu of taxes	<u>40,000</u>	<u>44,324</u>	<u>4,324</u>
Total Revenues	<u>77,383</u>	<u>81,691</u>	<u>4,308</u>
EXPENDITURES			
Accounting and audit	14,200	10,356	3,844
Election expense	5,000	-	5,000
Insurance	3,000	2,656	344
Legal	11,000	8,691	2,309
Maintenance	20,000	11,500	8,500
Miscellaneous	200	-	200
Treasurer's fees	516	517	(1)
Contingency	81,205	-	81,205
Emergency reserve	<u>1,617</u>	<u>-</u>	<u>1,617</u>
Total Expenditures	<u>136,738</u>	<u>33,720</u>	<u>103,018</u>
NET CHANGE IN FUND BALANCE	(59,355)	47,971	107,326
FUND BALANCE:			
BEGINNING OF YEAR	<u>59,355</u>	<u>72,887</u>	<u>13,532</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 120,858</u>	<u>\$ 120,858</u>

The notes to the financial statements are an integral part of these statements.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Bramming Farm Metropolitan District No. 1 (the “District”), located in the City of Thornton, Adams County, Colorado (“County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 2, 2010, as a quasi-municipal corporation and political subdivision established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's 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 organization's 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these 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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting under this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2020.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$2,340 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,466 of the General Fund balance has been restricted in compliance with this requirement.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

The restricted fund balance in the Debt Service Fund in the amount of \$84,596 is restricted for the payment of the debt service costs associated with the General Obligation debt (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$29,380 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. The District does not have any amounts to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2020

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 119,768
Cash and investments - Restricted	<u>111,701</u>
Total	\$ <u>231,469</u>

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

Deposits with financial institutions	\$ 134,900
Investments - COLOTRUST	<u>96,569</u>
	\$ <u>231,469</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has adopted an investment policy by which it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

As of December 31, 2020, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$96,569 invested in COLOTRUST.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Note 3: Capital Assets

All fixed assets were conveyed by the District to other local governments. The District is only responsible for maintenance of certain roundabouts, to be administered by the Association (see Note 5).

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2020

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

General Obligation (Limited Tax Convertible to Unlimited Tax) Capital Appreciation Bonds, Series 2015 - On January 15, 2015, the District issued \$4,050,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Capital Appreciation Bonds, Series 2015 (the "Series 2015 Bonds") dated January 15, 2015 with an original issue price of \$3,416,377 for the purpose of funding public capital facilities for the District and paying the costs of issuing the bonds. On December 1, 2017 to the date of maturity or prior redemption, the Series 2015 Bonds bear interest at the rate of 6.00% per annum. Interest is calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available on each June 1 and December 1, commencing June 1, 2018 (prior to June 1, 2018, the Series 2015 Bonds shall pay no current interest yet will accrete in value in accordance with the Accretion Table supplied by the underwriter at the time of closing, compounding semi-annually on each June 1 and December 1, commencing June 1, 2015). The Series 2015 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2018. The Bonds mature on December 1, 2044.

The Series 2015 Bonds are secured by Pledged Revenues including the Required Mill Levy imposed each year upon all taxable property of the District in an amount sufficient to pay the Debt Service Requirements as the same become due and payable, but not in excess of 50.000 mills, the portion of the specific ownership tax allocable to the amount of the Required Mill Levy, and any other legally available moneys that the Board determines in its sole discretion to credit to the Bond Fund.

On March 17, 2017, the Board adopted a Resolution amending the documents pertaining to the issuance of the Series 2015 Bonds, originally issued in the aggregate principal amount of \$4,050,000. The amendment provides for the adjustment of the mill levy pledged to the payment of the Series 2015 Bonds District's Service Plan. The amendment does not change the amount due on the Series 2015 Bonds, but does constitute a reissuance of the Series 2015 Bonds for both federal and state law purposes, and is thus treated as a new issuance under federal and state law.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2020

Subordinate General Obligation Limited Tax Bonds, Series 2019B(3) - On December 13, 2019 the District issued \$1,405,000 of Subordinate General Obligation Limited Tax Bonds Series 2019B(3) (the “Series 2019B(3) Bonds”) dated December 13, 2019 to reimburse the Developer for certain costs related to installing and constructing public improvements pursuant to the Facilities Funding and Acquisition Agreement (see Note 5). The Series 2019B(3) Bonds bear interest at the rate of 8.5% and mature on December 15, 2049. Principal and interest is due on the Series 2019B(3) Bonds on each December 15 only to the extent Subordinate Pledged Revenue is available therefore, and there is no expectation that principal or interest payments will be made in any year.

The Series 2019B(3) Bonds are subordinate limited tax general obligations of the District secured by and payable solely from the following sources, net of any costs of collection (collectively, the “Subordinate Pledged Revenue”): (i) the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (iii) the amounts, if any, in the Series 2015 Senior Bond Surplus Fund (as defined in the Limited Offering Memorandum dated December 5, 2019) after the termination of such fund pursuant to the Series 2015 Senior Bond Resolution (as defined in the Limited Offering Memorandum dated December 5, 2019); and (iv) any other legally available moneys which the District determines available (as defined in the Limited Offering Memorandum dated December 5, 2019).

The following is a summary of the annual long-term debt principal and interest requirements upon full accretion of the Series 2015 Bonds:

	Principal	Interest	Total
2021	\$ 50,000	\$ 235,800	\$ 285,800
2022	60,000	232,800	292,800
2023	60,000	229,200	289,200
2024	70,000	225,600	295,600
2025	75,000	221,400	296,400
2026-2030	505,000	1,029,300	1,534,300
2031-2035	760,000	848,700	1,608,700
2036-2040	1,120,000	580,200	1,700,200
2041-2044	1,230,000	190,800	1,420,800
	<u>\$ 3,930,000</u>	<u>\$ 3,793,800</u>	<u>\$ 7,723,800</u>

The schedule for the Series 2019B(3) Bonds is not presented as the repayments of those bonds are subordinate to the Series 2015 Bonds.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2020

The following is an analysis of changes in long-term debt for the period ending December 31, 2020:

	Restated Balance 1/1/2020	Additions	Deletions	Balance 12/31/20	Current Portion
<u>General Obligation Bonds</u>					
General Obligation Bonds - Series 2015	\$ 3,975,000	\$ -	\$ 45,000	\$ 3,930,000	\$ 50,000
Subordinate General Obligation Bonds - Series 2019B(3)	1,405,000	-	-	1,405,000	-
<u>Other</u>					
Funding & Acq. Agreement - Principal	1,162,100	-	-	1,162,100	-
Funding & Acq. Agreement - Accrued Interest	-	93,223	-	93,223	-
Total	<u>\$ 6,542,100</u>	<u>\$ 93,223</u>	<u>\$ 45,000</u>	<u>\$ 6,497,100</u>	<u>\$ 50,000</u>

Debt Authorization

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$110,495,000 (see above). The District has not budgeted to issue any new debt during 2021. Per the District's Service Plan, the District cannot issue debt in excess of \$10,000,000.

Note 5: Agreements

Facilities Funding and Acquisition Agreement: On December 13, 2010, the District entered into the Facilities Funding and Acquisition Agreement (the "Acquisition Agreement") with the Developer. The Developer has agreed to advance funds to the District to design, construct and complete the infrastructure improvements within the District outlined in the Service Plan in an amount not to exceed \$10,000,000 as needed for fiscal years 2010 – 2050. In lieu of advancing funds to the District, the Developer may complete such improvements subject to future acceptance and acquisition by the District. Any advances made under the Acquisition Agreement will earn interest of 8% per annum. As of December 31, 2017, the Developer completed improvements totaling \$5,164,990 of which \$3,416,378 was repaid using the proceeds from the Series 2015 Bond Issuance (see Note 4). In 2019, the District issued the Series 2019B(3) Bonds (See Note 4) and repaid the Developer a total \$1,215,363 of principal and interest. As of December 31, 2020, the principal outstanding was \$1,162,100 and interest accrued in the amount of \$93,223.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Agreement Regarding Waiver of Interest Under the Facilities Funding and Acquisition Agreement: On December 2, 2019, the District and Developer entered into an Agreement Regarding Waiver of Interest Under the Facilities Funding and Acquisition Agreement (“Waiver”) whereby the Developer agreed to forgive and forever discharge the accrued interest under the Acquisition Agreement of \$4,585 (“Accrued Interest”) owned by the District to the Developer as of December 13, 2019. This Waiver deemed the Accrued Interest to be a contribution by the Developer to the District.

Common Area Maintenance and License Agreement: On July 29, 2014, the District entered into the Common Area Maintenance and License Agreement (the “Agreement”) with the Bramming Farm Homeowners Association, Inc. (the “Association”). The District will own certain landscaping improvements within the common area in the District. The Association has agreed to operate and maintain the improvements subject to the District’s contribution of costs and expenses per annum, such contribution to be determined through procedures set forth in the Agreement. The District paid \$11,500 to the Association for 2020 maintenance.

Contribution Agreement: On August 26, 2015, the District entered into a Contribution Agreement with BSLC Thornton, LLC, which owns and operates Park Regency Thornton Assisted Living (the “Property”). The owner of the Property applied for and received a tax-exempt status causing the District to no longer receive any operations and maintenance mill levy imposed by the District. This put the District in a difficult position to pay for the operations and maintenance of the District improvements that directly benefit the Property. Therefore, the owner of the Property agreed to make a payment in lieu of taxes to the District on an annual basis. The amount will be equal to the District’s general fund mill levy on the assessed value of the Property. In 2020, the District received \$44,324 per the agreement.

Note 6: Related Party

All of the members of the Board of Directors are employees, owners, investors, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 2, 2010, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

BRAMMING FARM METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2020

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Note 10: Restatement

Net position as of December 31, 2019 was restated to correctly reflect the write off of accrued interest per the Waiver as described in Note 5 and the conveyance of the construction in progress that occurred in 2018. The effect of the restatement is as follows:

Net position, December 31, 2019 as originally reported	\$ (1,176,843)
Write off Accrue Interest per Waiver	4,585
Record conveyance of construction in progress	<u>(5,214,759)</u>
Net position, December 31, 2019, restated	<u>\$ (6,387,017)</u>

SUPPLEMENTAL INFORMATION

Bramming Farm Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2020

	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 273,793	\$ 273,792	\$ (1)
Specific ownership taxes	27,379	20,093	(7,286)
Interest income	<u>100</u>	<u>208</u>	<u>108</u>
Total Revenues	<u>301,272</u>	<u>294,093</u>	<u>(7,179)</u>
EXPENDITURES			
Treasurer's fees	4,118	4,110	8
Trustee fee	3,000	500	2,500
Interest expense	238,500	238,500	-
Bond principal	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total Expenditures	<u>290,618</u>	<u>288,110</u>	<u>2,508</u>
NET CHANGE IN FUND BALANCE	10,654	5,983	(4,671)
FUND BALANCE:			
BEGINNING OF YEAR	<u>82,970</u>	<u>78,613</u>	<u>(4,357)</u>
END OF YEAR	<u>\$ 93,624</u>	<u>\$ 84,596</u>	<u>\$ (9,028)</u>

The notes to the financial statements are an integral part of these statements.

Bramming Farm Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Facilities acquisition	-	-	-
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	329,380	29,380	(300,000)
END OF YEAR	\$ 329,380	\$ 29,380	\$ (300,000)

The notes to the financial statements are an integral part of these statements.

Bramming Farm Metropolitan District No. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2020

<u>Year Ended</u> <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Tax</u>		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 10	0.000	0.000	\$ -	\$ -	0.00%
2013	\$ 30,400	50.000	0.000	\$ 1,520	\$ 1,520	100.00%
2014	\$ 269,610	50.000	0.000	\$ 13,481	\$ 13,481	100.00%
2015	\$ 583,440	10.000	50.000	\$ 35,006	\$ 3,595	10.27% (1)
2016	\$ 804,940	10.000	50.000	\$ 48,296	\$ 48,296	100.00%
2017	\$ 1,798,740	10.000	50.000	\$ 107,924	\$ 107,924	100.00%
2018	\$ 3,800,610	10.000	55.277	\$ 248,092	\$ 248,758	100.27%
2019	\$ 4,303,420	10.000	55.277	\$ 280,914	\$ 280,914	100.00%
2020	\$ 4,918,670	7.000	55.664	\$ 308,224	\$ 308,223	100.00%
Estimated for year ending December 31, 2021	\$ 4,925,020	5.000	55.664	\$ 298,771		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

(1) There was a change of status of an assisted living facility, located within the District, from taxable to non-taxable, refer to Note 5.