

**BENNETT CROSSING METROPOLITAN  
DISTRICT NO. 2  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

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## Independent Auditor's Report

Board of Directors  
Bennett Crossing Metropolitan District No 2  
Adams County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Bennett Crossing Metropolitan District No 2 (the "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 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 from 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 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 respective financial position of the governmental activities and each major fund of Bennett Crossing Metropolitan District No 2 as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates 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 to 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.

The other information, as listed in the table of contents, has not been subject 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 them.

*Wipfli LLP*

Wipfli LLP  
Lakewood, Colorado

January 24, 2022

## **BASIC FINANCIAL STATEMENTS**

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Due from District No. 1	\$ 684
Property Taxes Receivable	130
Capital Assets, Not Being Depreciated:	
Construction in Progress	4,926,246
Total Assets	4,927,060
<b>LIABILITIES</b>	
Due to County Treasurer	858
Due in More Than One Year	5,018,519
Total Liabilities	5,019,377
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	130
Total Deferred Inflows of Resources	130
<b>NET POSITION</b>	
Unrestricted	(92,447)
Total Net Position	\$ (92,447)

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 10,370	\$ -	\$ -	\$ -	\$ (10,370)
Interest and Related					
Costs on Long-Term Debt	82,273	-	-	-	(82,273)
Total Governmental Activities	\$ 92,643	\$ -	\$ -	\$ -	(92,643)
<b>GENERAL REVENUES</b>					
					124
					72
					196
<b>CHANGE IN NET POSITION</b>					(92,447)
					-
					\$ (92,447)

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Due from District No. 1	\$ -	\$ 684	\$ 684
Property Taxes Receivable	130	-	130
	<u>\$ 130</u>	<u>\$ 684</u>	<u>\$ 814</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to County Treasurer	858	-	858
Total Liabilities	<u>858</u>	<u>-</u>	<u>858</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	130	-	130
Total Deferred Inflows of Resources	<u>130</u>	<u>-</u>	<u>130</u>
<b>FUND BALANCES</b>			
Restricted			
Capital Projects	-	684	684
Unassigned	(858)	-	(858)
Total Fund Balances	<u>(858)</u>	<u>684</u>	<u>(174)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 130</u>	<u>\$ 684</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital Assets, Net	4,926,246
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not in the funds.	
Developer Advance Payable	(4,936,246)
Interest Payable on Developer Advance	<u>(82,273)</u>
Net Position of Governmental Activities	<u>\$ (92,447)</u>

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 124	\$ -	\$ 124
Specific Ownership Taxes	72	-	72
Total Revenues	<u>196</u>	<u>-</u>	<u>196</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	27	-	27
Legal	1,027	-	1,027
Engineering	-	9,316	9,316
Capital Outlay	-	4,926,246	4,926,246
Total Expenditures	<u>1,054</u>	<u>4,935,562</u>	<u>4,936,616</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(858)	(4,935,562)	(4,936,420)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	-	4,936,246	4,936,246
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,936,246</u>	<u>4,936,246</u>
<b>NET CHANGE IN FUND BALANCES</b>	(858)	684	(174)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (858)</u>	<u>\$ 684</u>	<u>\$ (174)</u>

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ (174)

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

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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year 4,926,246

The issuance of long-term debt (e.g., bonds, leases) 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.

Developer Advance (4,936,246)

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.

Accrued Interest on Developer Advances - Change in Liability (82,273)

Change in Net Position of Governmental Activities \$ (92,447)

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 130	\$ 124	\$ 124
Specific Ownership Taxes	-	72	72
Total Revenues	<u>130</u>	<u>196</u>	<u>196</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	-	27	(27)
Insurance and Bonds	3,000	-	-
Legal	32,250	1,027	(1,027)
Miscellaneous	2,000	-	-
Landscaping	10,000	-	-
Utilities	750	-	-
Total Expenditures	<u>48,000</u>	<u>1,054</u>	<u>(1,054)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(47,870)	(858)	(858)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	47,870	-	-
Total Other Financing Sources (Uses)	<u>47,870</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(858)	(858)
Fund Balances - Beginning of Year	<u>1,440</u>	<u>-</u>	<u>(1,440)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,440</u>	<u>\$ (858)</u>	<u>\$ (2,298)</u>

See accompanying Notes to Basic Financial Statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Bennett Crossing Metropolitan District No. 2 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Adams County on December 2, 2015 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Bennett, Adams County, Colorado.

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment and operations and maintenance of public improvements, including the provision of water, sewer, storm drainage, street, traffic and safety, and park and recreation facilities programs and services.

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described 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, developer advances, and intergovernmental revenues.

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

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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 the 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District can report 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 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses 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.

The District has amended its annual budget for the year ended December 31, 2020.

**Pooled Cash**

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.

**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.

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

**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 or business- type 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. 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.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports 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 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. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District'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: nonspendable, 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:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of 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 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.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*Assigned Fund Balance* – The portion of 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 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 practice to use the most restrictive classification first.

**NOTE 3 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance - December 31, 2019	Additions	Reductions/ Reclassifications	Balance - December 31, 2020
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Depreciated:				
Construction in Progress	\$ -	\$ 4,926,246	\$ -	\$ 4,926,246
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 4,926,246</u>	<u>\$ -</u>	<u>\$ 4,926,246</u>

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Developer Advances	\$ -	\$ 4,936,246	\$ -	\$ 4,936,246	\$ -
Accrued Interest	-	82,273	-	82,273	-
Total	<u>\$ -</u>	<u>\$ 5,018,519</u>	<u>\$ -</u>	<u>\$ 5,018,519</u>	<u>\$ -</u>

**Developer Advances**

On January 19, 2016, the District entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs to repay advances made by the Developer, Gayeski Capital Equities, LLC for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 7%. As of December 31, 2020 there were no outstanding advances under the agreement.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances (Continued)**

On July 26, 2017, the District entered into an Infrastructure Acquisition Agreement to repay advances made by the Developer, Gayeski Capital Equities, LLC for the acquisition of public improvements. The District agreed to repay the Developer for such capital advances plus accrued interest at the rate of 7%. As of December 31, 2020 outstanding advances under the agreement total \$4,936,246 and accrued interest totaled \$82,273.

**Authorized Debt**

On November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$405,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 3, 2015	Authorization Used for Bonds	Authorized But Unissued
Water	\$ 45,000,000	\$ -	\$ 45,000,000
Sanitation/Stormwater	45,000,000	-	45,000,000
Streets	45,000,000	-	45,000,000
Parks and Recreation	45,000,000	-	45,000,000
Public Transportation	45,000,000	-	45,000,000
Mosquito Control	45,000,000	-	45,000,000
Safety Protection	45,000,000	-	45,000,000
Operation and Maintenance	45,000,000	-	45,000,000
Debt Refunding	45,000,000	-	45,000,000
Total	<u>\$ 405,000,000</u>	<u>\$ -</u>	<u>\$ 405,000,000</u>

Pursuant to the Service Plan, the District, together with Bennett Crossing Metropolitan District No. 1 and Bennett Crossing Metropolitan District No. 3, is permitted to issue bond indebtedness of up to \$33,000,000 for District public improvements and up to \$3,000,000 for Regional public improvements.

**NOTE 5 NET POSITION**

The District has net position consisting of one component – unrestricted. The District has a deficit in unrestricted net position.

**NOTE 6 RELATED PARTY**

The Developer of the property which constitutes the District is Gayeski Capital Equities, LLC. The majority of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7 RISK MANAGEMENT**

The District is 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 (the 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 and public officials' liability 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. During 2020, the annual premiums were paid by Bennett Crossing Metropolitan District No. 1.

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known 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 3, 2015, 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 TABOR.

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. At December 31, 2020, the District determined its required emergency reserve to be approximately \$5,700. During 2020, the reserves were held by Bennett Crossing Metropolitan District No. 1.

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.

## **SUPPLEMENTARY INFORMATION**

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
General and Administrative				
Engineering	-	25,000	9,316	15,684
Capital Projects				
Capital Outlay	-	4,975,000	4,926,246	48,754
Total Expenditures	<u>-</u>	<u>5,000,000</u>	<u>4,935,562</u>	<u>64,438</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(5,000,000)	(4,935,562)	64,438
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advances	-	5,000,000	4,936,246	(63,754)
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,000,000</u>	<u>4,936,246</u>	<u>(63,754)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	684	684
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ 684</u>

## **OTHER INFORMATION**

**BENNETT CROSSING METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF ASSESSED VALUTATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Taxes</u>		Percent Collected to Levied
		General		Levied	Collected	
2017	\$ 10	50.000		\$ 1	\$ 1	100.00%
2018	20	55.278		1	1	100.00
2019	20	55.277		1	1	100.00
2020	32,720	30.000		982	124	12.63
Estimated for Year Ending December 31, 2021	4,330	30.000		\$ 130		