

BRISTOL METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bristol Metropolitan District
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Bristol Metropolitan District (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 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 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Bristol Metropolitan District, as of December 31, 2020, and the respective changes in financial position thereof, and the 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

Required Supplementary Information

Management has omitted 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 18, 2021

Bristol Metropolitan District

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 and investments | \$ 685 | \$ - | \$ - | \$ 685 | \$ - | \$ 685 |
| Cash and investments - restricted | 694 | 204,653 | - | 205,347 | - | 205,347 |
| Receivable - County Treasurer | 25 | 125 | - | 150 | - | 150 |
| Property taxes receivable | 9,011 | 45,960 | - | 54,971 | - | 54,971 |
| Developer receivable | 2,336 | - | - | 2,336 | (2,336) | - |
| Prepaid expenses | 2,979 | - | - | 2,979 | - | 2,979 |
| Capital assets not being depreciated | - | - | - | - | 2,441,026 | 2,441,026 |
| Total Assets | <u>\$ 15,730</u> | <u>\$ 250,738</u> | <u>\$ -</u> | <u>\$ 266,468</u> | <u>2,438,690</u> | <u>2,705,158</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 3,772 | \$ - | \$ - | \$ 3,772 | - | 3,772 |
| Regional Mill Levy Payable | - | 530 | - | 530 | - | 530 |
| Accrued interest | - | - | - | - | 47,925 | 47,925 |
| Long-term liabilities: | | | | | | |
| Due in more than one year | - | - | - | - | 2,993,318 | 2,993,318 |
| Total Liabilities | <u>3,772</u> | <u>530</u> | <u>-</u> | <u>4,302</u> | <u>3,041,243</u> | <u>3,045,545</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred property taxes | <u>9,011</u> | <u>45,960</u> | <u>-</u> | <u>54,971</u> | <u>-</u> | <u>54,971</u> |
| Total Deferred Inflows of Resources | <u>9,011</u> | <u>45,960</u> | <u>-</u> | <u>54,971</u> | <u>-</u> | <u>54,971</u> |
| FUND BALANCES/NET POSITION | | | | | | |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepays | 2,979 | - | - | 2,979 | (2,979) | - |
| Restricted: | | | | | | |
| Emergencies | 694 | - | - | 694 | (694) | - |
| Debt service | - | 204,248 | - | 204,248 | (204,248) | - |
| Unassigned | <u>(726)</u> | <u>-</u> | <u>-</u> | <u>(726)</u> | <u>726</u> | <u>-</u> |
| Total Fund Balances | <u>2,947</u> | <u>204,248</u> | <u>-</u> | <u>207,195</u> | <u>(207,195)</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 15,730</u> | <u>\$ 250,738</u> | <u>\$ -</u> | <u>\$ 266,468</u> | | |
| Net Position: | | | | | | |
| Restricted for: | | | | | | |
| Emergencies | | | | | 694 | 694 |
| Debt service | | | | | 156,323 | 156,323 |
| Unrestricted | | | | | <u>(552,375)</u> | <u>(552,375)</u> |
| Total Net Position | | | | | <u>\$ (395,358)</u> | <u>\$ (395,358)</u> |

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

Bristol Metropolitan District

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 | \$ 9,955 | \$ - | \$ - | \$ 9,955 | \$ - | \$ 9,955 |
| Insurance | 3,178 | - | - | 3,178 | - | 3,178 |
| Legal | 12,432 | - | 2,947 | 15,379 | - | 15,379 |
| Capital improvements | - | - | 997,184 | 997,184 | (997,184) | - |
| Bond issuance costs | - | - | 12,500 | 12,500 | - | 12,500 |
| Treasurer's fees | 75 | 385 | - | 460 | - | 460 |
| Bond interest expense | - | 88,550 | - | 88,550 | 22,040 | 110,590 |
| Trustee fees | - | 6,000 | - | 6,000 | - | 6,000 |
| Regional mill levy | - | 530 | - | 530 | - | 530 |
| Interest on developer advances | - | - | - | - | 22,585 | 22,585 |
| Total Expenditures | <u>25,640</u> | <u>95,465</u> | <u>1,012,631</u> | <u>1,133,736</u> | <u>(952,559)</u> | <u>181,177</u> |
| GENERAL REVENUES | | | | | | |
| Property taxes | 5,022 | 25,110 | - | 30,132 | - | 30,132 |
| Property taxes - Regional mill levy | - | 502 | - | 502 | - | 502 |
| Specific ownership taxes | 356 | 1,815 | - | 2,171 | - | 2,171 |
| Interest income | - | 1,731 | - | 1,731 | - | 1,731 |
| Total General Revenues | <u>5,378</u> | <u>29,158</u> | <u>-</u> | <u>34,536</u> | <u>-</u> | <u>34,536</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (20,262) | (66,307) | (1,012,631) | (1,099,200) | 952,559 | (146,641) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Developer advances | <u>2,336</u> | <u>-</u> | <u>1,009,684</u> | <u>1,012,020</u> | <u>(1,012,020)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>2,336</u> | <u>-</u> | <u>1,009,684</u> | <u>1,012,020</u> | <u>(1,012,020)</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | (17,926) | (66,307) | (2,947) | (87,180) | 87,180 | |
| CHANGE IN NET POSITION | | | | | (146,641) | (146,641) |
| FUND BALANCES/NET POSITION: | | | | | | |
| BEGINNING OF YEAR | <u>20,873</u> | <u>270,555</u> | <u>2,947</u> | <u>294,375</u> | <u>(543,092)</u> | <u>(248,717)</u> |
| END OF YEAR | <u>\$ 2,947</u> | <u>\$ 204,248</u> | <u>-</u> | <u>\$ 207,195</u> | <u>\$ (602,553)</u> | <u>\$ (395,358)</u> |

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

Bristol Metropolitan District

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

For the Year Ended December 31, 2020

| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------------|------------------------|-----------------|--|
| REVENUES | | | | |
| Property taxes | \$ 5,021 | \$ 5,021 | \$ 5,022 | \$ 1 |
| Specific ownership taxes | <u>351</u> | <u>351</u> | <u>356</u> | <u>5</u> |
| Total Revenues | <u>5,372</u> | <u>5,372</u> | <u>5,378</u> | <u>6</u> |
| EXPENDITURES | | | | |
| Accounting and audit | 8,000 | 10,000 | 9,955 | 45 |
| Election expense | 500 | - | - | - |
| Insurance | 4,000 | 3,500 | 3,178 | 322 |
| Legal | 10,000 | 12,000 | 12,432 | (432) |
| Treasurer's fees | 75 | 75 | 75 | - |
| Contingency | 3,578 | 3,748 | - | 3,748 |
| Emergency reserve | <u>677</u> | <u>677</u> | <u>-</u> | <u>677</u> |
| Total Expenditures | <u>26,830</u> | <u>30,000</u> | <u>25,640</u> | <u>4,360</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (21,458) | (24,628) | (20,262) | 4,366 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer advances | <u>-</u> | <u>3,170</u> | <u>2,336</u> | <u>(834)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>3,170</u> | <u>2,336</u> | <u>(834)</u> |
| NET CHANGE IN FUND BALANCE | (21,458) | (21,458) | (17,926) | 3,532 |
| FUND BALANCE: | | | | |
| BEGINNING OF YEAR | <u>21,458</u> | <u>21,458</u> | <u>20,873</u> | <u>(585)</u> |
| END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,947</u> | <u>\$ 2,947</u> |

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

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Bristol Metropolitan District (“District”), located in Arapahoe County, Colorado, 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 November 30, 2016, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the City of Aurora (the “City”) on July 25, 2016 (the “Service Plan”). The District was established to provide for the design, acquisition, completion construction, and operations and maintenance of a part or all of the public improvements for the use and benefit of the residents and property owners within the service area. The District is authorized for operating and maintaining park and recreation improvements. 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 pronouncements, which provide 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.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Basis of Presentation

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

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.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and 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.

The District amended its total appropriations in the General Fund from \$26,830 to \$30,000 primarily for additional legal and accounting costs, in the Capital Projects Fund from \$500,000 to \$1,025,000 to do anticipated additional developer repayments and the Debt Service Fund from \$94,421 to \$96,000 due to anticipated additional trustee fees.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

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

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

Estimates

The preparation of these financial statements in conformity with GAAP requires 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 in 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 acquisition 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. The District had no depreciation in 2020.

BRISTOL METROPOLITAN DISTRICT

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.

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.

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 relates to prepaid expenses.

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 \$694 of the General Fund balance has been reserved in compliance with this requirement.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

The restricted fund balance in the Debt Service Fund in the amount of \$204,248 is restricted for the payment of the debt service costs associated with the Series 2019A Bonds (see Note 4).

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.

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 or resources related to those assets. As of December 31, 2020, the District had no amount 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.

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.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

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 | \$ 685 |
| Cash and investments - restricted | <u>205,347</u> |
| Total | \$ <u>206,032</u> |

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

| | |
|--------------------------------------|-------------------|
| Deposits with financial institutions | \$ 19,349 |
| COLOTRUST | <u>186,683</u> |
| Total | \$ <u>206,032</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

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 are not required to be categorized within the fair value hierarchy. This investment's value for COLOTRUST is calculated using the net asset value method (NAV) per share.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Credit Risk

The District has not adopted a formal investment policy; however the District 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.

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.

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 the trusts. 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. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. At December 31, 2020, the District had \$186,683 invested in COLOTRUST.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 3: Capital Assets

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

| <u>Governmental Type Activities:</u> | <u>Balance 1/1/2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/2020</u> |
|--|-----------------------------|-------------------|------------------|-------------------------------|
| <u>Capital assets not being depreciated:</u> | | | | |
| Construction in progress | \$ 1,443,842 | \$ 997,184 | \$ - | \$ 2,441,026 |
| Total capital assets not being depreciated | <u>1,443,842</u> | <u>997,184</u> | <u>-</u> | <u>2,441,026</u> |
| Government type assets, net | <u>\$ 1,443,842</u> | <u>\$ 997,184</u> | <u>\$ -</u> | <u>\$ 2,441,026</u> |

The District is not authorized to operate and maintain improvements other than park and recreation improvements unless otherwise agreed by the City.

Note 4: Long Term Debt

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

\$1,540,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A and \$257,000 Subordinate Limited Tax General Obligation Bonds, Series 2019B

On February 7, 2019, the District issued \$1,540,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2019A (“Series 2019A Bonds”) and \$257,000 Subordinate Limited Tax General Obligation Bonds, Series 2019B (“Series 2019B Bonds”) for the purpose of financing public improvements related to the development, paying capitalized interest on the Series 2019A Bonds, depositing funds to the Senior Reserve Fund, and paying the cost of issuance of the Bonds. The Series 2019A Bonds bear interest at the rate of 5.750%, payable semiannually on each June 1 and December 1, commencing on June 1, 2019. The Series 2019B Bonds bear interest at the rate of 8.000%, payable annually on December 15, commencing on December 15, 2019, to the extent that Pledged Revenue is available. The Series 2019A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2019B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

The Series 2019A Bonds are secured by the Senior Required Mill Levy, the Capital Fees, if any, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, for collection year 2019 83.33% of all net property tax collections and any other legally available moneys as determined by the District. The Series 2019A Bonds are also secured by the Senior Reserve Fund the capitalized interest and the Surplus Fund which has not been funded. The Series 2019B Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, the amounts, if any, in the Senior Surplus Fund after the termination of such fund pursuant to the Senior Indenture and any other legally available moneys as determined by the District. In the event that any amount of the Series 2019B Bonds remains unpaid on December 16, 2059, the 2019B Bonds and the lien on the 2019B Bonds securing payment shall be deemed discharged. Upon such discharge the 2019B Bonds owners will have no recourse to the District of any amount of principal and interest remaining unpaid.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019A Bonds.

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2021 | \$ - | \$ 88,550 | \$ 88,550 |
| 2022 | - | 88,550 | 88,550 |
| 2023 | 10,000 | 88,550 | 98,550 |
| 2024 | 15,000 | 87,975 | 102,975 |
| 2025 | 20,000 | 87,113 | 107,113 |
| 2026-2030 | 120,000 | 417,450 | 537,450 |
| 2031-2035 | 195,000 | 375,188 | 570,188 |
| 2036-2040 | 295,000 | 307,913 | 602,913 |
| 2041-2045 | 420,000 | 209,588 | 629,588 |
| 2046-2048 | 465,000 | 61,811 | 526,811 |
| | <u>\$ 1,540,000</u> | <u>\$ 1,812,688</u> | <u>\$ 3,352,688</u> |

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

| | Balance 1/1/2020 | Additions | Deletions | Balance 12/31/2020 | Current Portion |
|----------------------------|---------------------|---------------------|-------------|-----------------------|--------------------|
| General Obligation Bonds | | | | | |
| Series 2019A Bonds | \$1,540,000 | \$ - | \$ - | \$ 1,540,000 | \$ - |
| Series 2019B Bonds | 257,000 | - | - | 257,000 | - |
| Other | | | | | |
| Developer advance | 159,731 | 1,009,684 | - | 1,169,415 | - |
| Developer advance interest | 4,318 | 22,585 | - | 26,903 | - |
| Total | <u>\$1,961,049</u> | <u>\$ 1,032,269</u> | <u>\$ -</u> | <u>\$ 2,993,318</u> | <u>\$ -</u> |

Because of the uncertainty of the timing of the principal and interest payment on the Series 2019B Bonds, no schedule of principal and interest payments is presented.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Debt Authorization

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$143,000,000. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$11,000,000. As of December 31, 2020, the District had \$9,203,000 remaining authority under the Service Plan.

Note 5: Other Agreements

Operation Funding Agreement

The District and CFAB LLC (the “Developer”) entered into an Operation Funding Agreement on December 7, 2016, with an effective date of November 30, 2016, as amended by that certain First Amendment to Operation Funding Agreement dated December 5, 2018, and further amended by the Second Amendment to the Operations Funding Agreement dated November 19, 2020 (collectively, the “OFA”). Pursuant to the OFA, the Developer agrees to advance funds to the District for certain operation and maintenance expenses on a periodic basis, as needed, for years 2016 through 2021 up to \$50,000. The District agrees to repay these advances, together with accrued interest at the rate of 8% per annum. Any obligation of the District to reimburse the Developer expires on December 31, 2051, any amount not reimbursed on that date will be discharged. At December 31, 2020 the balance due under this agreement was \$3,713, including principal of \$3,219 and accrued interest of \$494.

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement dated December 7, 2016 with an effective date of November 30, 2016 as amended by that certain First Amendment to Operation Funding Agreement dated December 5, 2018, (the “FFAA”). Pursuant to the FFAA, the Developer agrees to make advances, not to exceed \$2,000,000 to the District for the purpose of funding organization expenses, construction of public improvements and the acquisition of public improvements constructed by the Developer. The District agrees to repay these advances, together with accrued interest at a rate of 8% per annum. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. The FFAA further provides that if the District has not repaid or reimbursed the Developer or any organizational expenses, construction related expenses and/or verified costs by December 31, 2047, any amount or principal and accrued interest outstanding under the FFAA on such date will be deemed forever discharged and satisfied in full. At December 31, 2020 the balance due under this agreement was \$1,192,605, including principal of \$1,166,196 and accrued interest of \$26,409.

Facilities Acquisition Agreement

On March 18, 2019 the District and Richmond American Homes of Colorado, Inc (the “Buyer”) entered into a Facilities Acquisition Agreement acknowledging the Buyer has entered into a certain Purchase and Sale Agreement with the previous Developer and is now the owner of property located within the District. The Developer retains any and all rights set forth in the Facilities Funding and Acquisition Agreement prior to March 19, 2019 and the Buyer agrees to design, construct, and complete the remaining District Improvements.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

ARTA Establishment Agreement

On June 6, 2019, the District joined the existing Aurora Regional Transportation Authority (“ARTA”) whereas the District and other member districts collect and convey the ARI Mill Levy, as defined in the service plan, to fund Regional Improvements.

Note 6: Related Party

All of the Board of Directors are employees, owners 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.

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 8, 2016, 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.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S., 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.

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

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments 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, developer advances payable and accrued interest on bonds and developer advances 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 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 progress 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 in the statement of activities; and,
- 3) governmental funds report developer advances and/or bond proceeds as revenue and report interest as expenditures; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

SUPPLEMENTAL INFORMATION

Bristol Metropolitan District

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

For the Year Ended December 31, 2020

| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|-------------------------------------|---------------------------|------------------------|-------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 25,111 | \$ 25,111 | \$ 25,110 | \$ (1) |
| Property taxes - Regional mill levy | 502 | 502 | 502 | - |
| Specific ownership taxes | 1,758 | 1,758 | 1,815 | 57 |
| Interest income | <u>10,000</u> | <u>10,002</u> | <u>1,731</u> | <u>(8,271)</u> |
| Total Revenues | <u>37,371</u> | <u>37,373</u> | <u>29,158</u> | <u>(8,215)</u> |
| EXPENDITURES | | | | |
| Bond interest expense | 88,550 | 88,550 | 88,550 | - |
| Regional mill levy | 494 | 530 | 530 | - |
| Trustee fees | 5,000 | 6,520 | 6,000 | 520 |
| Treasurer's fees | <u>377</u> | <u>400</u> | <u>385</u> | <u>15</u> |
| Total Expenditures | <u>94,421</u> | <u>96,000</u> | <u>95,465</u> | <u>535</u> |
| NET CHANGE IN FUND BALANCE | (57,050) | (58,627) | (66,307) | (7,680) |
| FUND BALANCE: | | | | |
| BEGINNING OF YEAR | <u>266,562</u> | <u>205,298</u> | <u>270,555</u> | <u>65,257</u> |
| END OF YEAR | <u>\$ 209,512</u> | <u>\$ 146,671</u> | <u>\$ 204,248</u> | <u>\$ 57,577</u> |

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

Bristol Metropolitan District

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

For the Year Ended December 31, 2020

| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|--|---------------------------|------------------------|------------------|---|
| REVENUES | | | | |
| Interest income | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Repay developer advances - principal | 500,000 | 1,025,000 | - | 1,025,000 |
| Legal | - | - | 2,947 | (2,947) |
| Capital improvements | - | - | 997,184 | (997,184) |
| Bond issuance costs | <u>-</u> | <u>-</u> | <u>12,500</u> | <u>(12,500)</u> |
| Total Expenditures | <u>500,000</u> | <u>1,025,000</u> | <u>1,012,631</u> | <u>12,369</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | (500,000) | (1,025,000) | (1,012,631) | 12,369 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer advances | <u>-</u> | <u>525,000</u> | <u>1,009,684</u> | <u>484,684</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>525,000</u> | <u>1,009,684</u> | <u>484,684</u> |
| NET CHANGE IN FUND BALANCE | | | | |
| | (500,000) | (500,000) | (2,947) | 497,053 |
| FUND BALANCE: | | | | |
| BEGINNING OF YEAR | <u>500,000</u> | <u>500,000</u> | <u>2,947</u> | <u>(497,053)</u> |
| END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

Bristol Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2020

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | | Total Property Tax | | Percent Collected to Levied |
|--|---|---------------------|---------------------|--------------------|---------------------------|------------------|--|
| | | General Fund | Debt Service | Contractual | Levied | Collected | |
| 2019 | \$ 451,142 | 66.332 | 0.000 | 0.000 | \$ 29,925 | \$ 30,132 | 100.69% |
| 2020 | \$ 451,111 | 11.132 | 55.664 | 1.113 | \$ 30,634 | \$ 30,634 | 100.00% |
| Estimated for year ending December 31, 2021 | \$ 809,474 | 11.132 | 55.664 | 1.113 | \$ 54,971 | | |

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.