

BBC METROPOLITAN DISTRICT

Financial Statements

December 31, 2021

BBC METROPOLITAN DISTRICT

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
BBC Metropolitan District
Broomfield, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the BBC Metropolitan District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the District, as of December 31, 2021, and the respective changes in financial position, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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 Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Duggio & Associates, P.C.

June 14, 2022

BASIC FINANCIAL STATEMENTS

BBC METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2021

	<u>Governmental Activities</u>
Assets	
Cash	\$ 15,207
Cash - Restricted	32,424
Receivable from County Treasurer	443
Property Taxes Receivable	434,228
Prepaid Expense	450
Total Assets	<u>482,752</u>
Liabilities	
Accounts Payable	20,013
Accrued Interest Payable	45,704
Noncurrent Liabilities:	
Due In More Than One Year	<u>16,301,421</u>
Total Liabilities	<u>16,367,138</u>
Deferred Inflows of Resources	
Property Taxes	<u>434,228</u>
Net Position	
Restricted	
Emergency Reserves	1,800
Unrestricted	<u>(16,320,414)</u>
Total Net Position	<u><u>\$ (16,318,614)</u></u>

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

BBC METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Governmental Activities					Governmental Activities
Administration	\$ 69,536	\$ -	\$ -	\$ -	\$ (69,536)
Interest on Long-term Debt and Related Expenses	1,518,013	-	-	-	(1,518,013)
Total Governmental Activities	<u>\$ 1,587,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,587,549)</u>
			General Revenues		
			Property Taxes	300,275	
			Specific Ownership Taxes	6,440	
			Net Investment Income	161	
			Total General Revenues	<u>306,876</u>	
			Changes In Net Position	(1,280,673)	
			Net Position - Beginning	(15,037,941)	
			Net Position - Ending	<u>\$ (16,318,614)</u>	

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

BBC METROPOLITAN DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Assets			
Cash	\$ 15,207	\$ -	\$ 15,207
Cash - Restricted	-	32,424	32,424
Receivable from County Treasurer	74	369	443
Property Taxes Receivable	93,855	340,373	434,228
Prepaid Expense	450	-	450
Total Assets	<u>\$ 109,586</u>	<u>\$ 373,166</u>	<u>\$ 482,752</u>
Liabilities			
Accounts Payable	\$ 17,432	\$ 2,581	\$ 20,013
Deferred Inflows of Resources			
Property Taxes	93,855	340,373	434,228
Fund Balances (Deficits)			
Prepaid Expenses	450	-	450
Restricted			
Emergency Reserves	1,800	-	1,800
Debt Service	-	30,212	30,212
Unassigned	(3,951)	-	(3,951)
Total Fund Balances (Deficits)	<u>(1,701)</u>	<u>30,212</u>	<u>28,511</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 109,586</u>	<u>\$ 373,166</u>	<u>\$ 482,752</u>

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

BBC METROPOLITAN DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

December 31, 2021

Total Fund Balances - Governmental Funds		\$	28,511
Total net position reported for governmental activities in the statement of of net position is different because:			
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.			
Balances at year-end are:			
General Obligation Bonds Payable	\$	(15,745,000)	
Accrued Interest Payable - Series 2021 Bonds		(45,704)	
Developer Advance - Operations		(380,313)	
Developer Advance - Operations - Accrued Interest		(126,483)	
Developer Advance - Capital		(29,405)	
Developer Advance - Capital - Accrued Interest		(20,220)	(16,347,125)
			<hr/>
Net Position - Governmental Activities		\$	<u>(16,318,614)</u>

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

BBC METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 58,118	\$ 242,157	\$ 300,275
Specific Ownership Tax	1,073	5,367	6,440
Net Investment Income	30	131	161
Total Revenues	<u>59,221</u>	<u>247,655</u>	<u>306,876</u>
Expenditures			
Current			
Management	8,976	-	8,976
Accounting	9,352	-	9,352
Audit	4,914	-	4,914
Insurance	3,228	-	3,228
Legal	15,246	-	15,246
Utilities	2,730	-	2,730
Snow Removal	1,188	-	1,188
Landscape Maintenance	22,335	-	22,335
Miscellaneous	695	-	695
Treasurer's Fees	872	-	872
Debt Service			
Bond Principal	-	8,650,000	8,650,000
Bond Interest	-	6,702,706	6,702,706
Bond Issue Costs	-	625,009	625,009
Paying Agent Fees	-	1,750	1,750
Treasurer's Fees	-	3,634	3,634
Total Expenditures	<u>69,536</u>	<u>15,983,099</u>	<u>16,052,635</u>
Excess Revenues Over (Under) Expenditures	(10,315)	(15,735,444)	(15,745,759)
Other Financing Sources			
Bond Proceeds	-	15,745,000	15,745,000
Developer Advances	13,685	-	13,685
Total Other Financing Sources	<u>13,685</u>	<u>15,745,000</u>	<u>15,758,685</u>
Net Change in Fund Balances	3,370	9,556	12,926
Fund Balances (Deficits) - Beginning	<u>(5,071)</u>	<u>20,656</u>	<u>15,585</u>
Fund Balances (Deficits) - Ending	<u>\$ (1,701)</u>	<u>\$ 30,212</u>	<u>\$ 28,511</u>

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

BBC METROPOLITAN DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 12,926

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Bond Proceeds	\$ (15,745,000)	
Bond Matured Interest Payable	(863,296)	
Bond Principal Payment	8,650,000	
Payment of Bond Matured Interest Payable	6,702,706	
Developer Advances - Principal	(13,685)	
Developer Advances - Interest	<u>(32,682)</u>	(1,301,957)

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 Bonds - Change in Liability	<u>8,358</u>
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Change in Net Position - Governmental Activities	<u><u>\$ (1,280,673)</u></u>
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The notes to the financial statements are an integral part of this statement.

BBC METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL
GENERAL FUND**

**For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2020 Actual</u>
Revenues					
Property Taxes	\$ 58,527	\$ 58,527	\$ 58,118	\$ (409)	\$ 18,260
Specific Ownership Tax	1,100	1,100	1,073	(27)	1,017
Net investment income	-	-	30	30	264
Total Revenues	<u>59,627</u>	<u>59,627</u>	<u>59,221</u>	<u>(406)</u>	<u>19,541</u>
Expenditures					
Current					
Management	7,500	7,500	8,976	(1,476)	7,695
Accounting	7,500	7,500	9,352	(1,852)	8,358
Audit	6,500	6,500	4,914	1,586	6,212
Election	-	-	-	-	806
Insurance	4,000	4,000	3,228	772	3,238
Legal	7,500	16,000	15,246	754	15,168
Utilities	-	-	2,730	(2,730)	3,714
Snow Removal	4,000	4,000	1,188	2,812	-
Landscape Maintenance	16,000	23,000	22,335	665	23,220
Miscellaneous	500	500	695	(195)	622
Treasurer's Fees	878	878	872	6	278
Emergency Reserve	2,259	2,259	-	2,259	-
Total Expenditures	<u>56,637</u>	<u>72,137</u>	<u>69,536</u>	<u>2,601</u>	<u>69,311</u>
Excess Expenditures over Revenues	2,990	(12,510)	(10,315)	2,195	(49,770)
Other Financing Sources					
Developer Advances	15,000	15,000	13,685	(1,315)	58,666
Net Change in Fund Balance	17,990	2,490	3,370	880	8,896
Fund Balance (Deficit) - Beginning	7,405	7,405	(5,071)	(12,476)	(13,967)
Fund Balance (Deficit) - Ending	<u>\$ 25,395</u>	<u>\$ 9,895</u>	<u>\$ (1,701)</u>	<u>\$ (11,596)</u>	<u>\$ (5,071)</u>

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

BBC METROPOLITAN DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

Note 1 – Definition of Reporting Entity

The BBC Metropolitan District (the District), was originally organized by recorded order and decree of the District Court for the City and County of Broomfield (the City) on December 10, 2002 as the BBC/Overlook Metropolitan District, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On March 15, 2012, the District Court of the City granted an order and decree legally changing the name of the District to BBC Metropolitan District.

The District operates under a First Amended and Restated Service Plan approved by the City on April 24, 2012. The District's service boundaries are located entirely within the City. Pursuant to the First Amended and Restated Service Plan, the District has the power to provide for the design, acquisition, construction, installation and financing of certain water, sanitation, street, safety protection, park and recreation, transportation, television relay and translator, mosquito control and limited fire protection improvements and services within and without the District Boundaries.

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 financial statements. Governmental activities are normally supported by taxes 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.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. 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. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

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

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

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

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 level and lapses at year end. The District 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, 2021.

Pooled Cash and Investments

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

BBC METROPOLITAN DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

Restricted Cash and Investments

Certain assets and their related liabilities whose use is restricted under grant requirements, construction, debt service and other purposes by contractual agreement and/or debt indentures are segregated on the government-wide statement of net position and the fund balance sheets.

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 and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 fixed assets, as applicable.

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item that qualifies for reporting in this category. Accordingly, the item, property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs, except any portion related to prepaid insurance costs, are expensed when incurred.

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

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as restricted and unrestricted.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position represents assets that do not have any third-party limitations on their use.

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.

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Fund Balances

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.

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.

Deficit Fund Balance

The General Fund reported a deficit fund balance of \$1,701. The deficit will be eliminated with the receipt of property taxes in 2022.

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Note 3 – Cash and Investments

The District’s cash and investments consist of the following on December 31, 2021:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 15,207	\$ 21,578	\$ 36,785
Investments	-	10,846	10,846
Total	<u>\$ 15,207</u>	<u>\$ 32,424</u>	<u>\$ 47,631</u>

Deposits with Financial Institutions

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

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

At December 31, 2021, the District’s cash deposits had a bank and carrying balance of \$36,785.

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

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

At December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Government Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 Days	<u>\$ 10,846</u>

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under Section 24 75 601, C.R.S.

COLOTRUST EDGE, a variable Net Asset Value ("NAV") Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under Section 24 75 601, C.R.S.

BBC METROPOLITAN DISTRICT

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A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. The District holds all its investments in the COLOTRUST PLUS+ portfolio.

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, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Placements					
Revenue Bonds, Series 2012					
Principal	\$ 8,650,000	\$ -	\$ 8,650,000	\$ -	\$ -
Matured Interest	5,839,410	863,296	6,702,706	-	-
General Obligation Bonds, Series 2021					
	-	15,745,000	-	15,745,000	-
Developer Advances					
Capital					
Principal	29,405	-	-	29,405	-
Interest	17,867	2,353	-	20,220	-
Operating					
2012 OFA - Principal	38,348	-	-	38,348	-
2012 OFA - Interest	18,265	3,068	-	21,333	-
2013 OFA - Principal	9,733	-	-	9,733	-
2013 OFA - Interest	5,977	779	-	6,756	-
2014 OFA - Principal	20,429	-	-	20,429	-
2014 OFA - Interest	10,448	1,634	-	12,082	-
2015 OFA - Principal	33,863	-	-	33,863	-
2015 OFA - Interest	14,315	2,709	-	17,024	-
2016 OFA - Principal	37,054	-	-	37,054	-
2016 OFA - Interest	13,270	2,964	-	16,234	-
2017-2021 OFA - Principal	227,201	13,685	-	240,886	-
2017-2021 OFA - Interest	33,879	19,175	-	53,054	-
	\$ 14,999,464	\$ 16,654,663	\$ 15,352,706	\$ 16,301,421	\$ -

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Revenue Bonds, Series 2012

On August 29, 2012, the District issued \$8,650,000 of Revenue Bonds, Series 2012 (“2012 Bonds”). The 2012 Bonds were issued for the purpose of: (i) paying a portion of the costs of the acquisition, construction and installation of public facilities for the benefit of the District; and (ii) paying the costs incidental to the issuance and delivery of the Bonds. The 2012 Bonds were scheduled to mature on December 1, 2032, with interest at the rate of 7.50% per annum, calculated on the basis of a 360-day year comprised of twelve 30-day months, payable to the extent Pledged Revenue was available semiannually on each June 1 and December 1, commencing December 1, 2012. Delayed development within the District resulted in lower than anticipated Pledged Revenue insufficient for the District to pay compounding interest on the 2012 Bonds until the 2012 Bonds were refunded in 2021.

General Obligation Limited Tax Refunding Bonds Series 2021₍₃₎

On November 9, 2021, the District issued General Obligation Limited Tax Refunding Bonds Series 2021₍₃₎ (“2021 Bonds”) in the amount of \$15,745,000. The proceeds of the bonds were used to refund and pay the outstanding principal and accrued interest on the 2012 Bonds and to pay the costs of issuing the 2021 Bonds. The issuance of the 2021 Bonds resulted in sufficient net present value and long term savings to the District when compared to the then outstanding 2012 Bonds.

Details of the Bonds

The 2021 Bonds bear interest at the rate of 4.75% per annum and are payable annually on December 1, beginning on December 1, 2022, but only to the extent of available Pledged Revenue. The 2021 Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The 2021 Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the 2021 Bonds compounds annually on each December 1. In the event any amount of principal or interest on the Bonds remains unpaid after the application of all Pledged Revenues available therefor on December 2, 2061, such amounts shall be deemed discharged and no longer due and outstanding.

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Optional Redemption

The 2021 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

Property Tax Revenues means all monies derived from imposition by the District of the Required Mill Levy and does not include specific ownership taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of its imposition of its Required Mill Levy.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 40 mills less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Bond Fund in an amount sufficient to pay all of the principal of and interest on the 2021 Bonds in full; provided however, that if on or after January 1, 2012, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the mill levy provided in the Indenture shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the

BBC METROPOLITAN DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Authorized Debt

On November 5, 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$36,000,000 at an interest rate not to exceed 18% per annum with a maturity date not to exceed 40 years from the date of issuance. On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$312,000,000 at an interest rate not to exceed 18% per annum.

The District's First Amended and Restated Service Plan limits the total amount of bonds to be limited to \$24,000,000 (not including refunding bonds). The District may issue bonds in excess of this limitation with the consent of the City.

At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 5, 2002	Amount Authorized on November 4, 2014	Series 2012 Bonds	Series 2021 Bonds	Authorized but Unissued at December 31, 2021
Streets	\$ 13,000,000	\$ 24,000,000	\$ 3,109,528	\$ -	\$ 33,890,472
Parks and Recreation	500,000	24,000,000	-	-	24,500,000
Water	5,000,000	24,000,000	1,417,910	-	27,582,090
Sanitation	7,500,000	24,000,000	4,122,562	-	27,377,438
Transportation	8,500,000	24,000,000	-	-	32,500,000
Mosquito Control	-	24,000,000	-	-	24,000,000
Traffic and Safety Controls	1,000,000	24,000,000	-	-	25,000,000
Fire Protection and EMR	-	24,000,000	-	-	24,000,000
Television Relay	500,000	24,000,000	-	-	24,500,000
Security	-	24,000,000	-	-	24,000,000
Operations and Maintenance	-	24,000,000	-	-	24,000,000
Debt Refundings	-	24,000,000	-	7,095,000	16,905,000
Intergovernmental Agreements	-	24,000,000	-	-	24,000,000
	\$ 36,000,000	\$ 312,000,000	\$ 8,650,000	\$ 7,095,000	\$ 332,255,000

BBC METROPOLITAN DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

Developer Advances

The District entered into Operation Funding Agreements and a Facilities Funding and Acquisition Agreement as follows:

Operation Funding Agreements

2012 Operation Funding Agreement (“2012 OFA”)

On March 13, 2012, the District entered into a 2012 OFA with Broomfield Business Center, LLC (the “Developer”). The advances accrue simple interest at a rate of 8.0% per annum from the date of deposit in the District’s account. The repayment obligations do not constitute a multiple fiscal year financial obligation and are subject to annual appropriation. The obligation of the Developer to advance funds under the 2012 OFA expired on February 1, 2013. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the 2012 OFA on or before December 31, 2052, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

2013 Operation Funding Agreement (“2013 OFA”)

On December 11, 2012, the District entered into a 2013 OFA with the Developer. The repayment obligations do not constitute a multiple fiscal year financial obligation and are subject to annual appropriation. The obligation of the Developer to advance funds under the 2013 OFA expired on February 1, 2014. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the 2013 OFA on or before December 31, 2053, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

2014 Operation Funding Agreement (“2014 OFA”)

On December 12, 2013, the District entered into a 2014 OFA with the Developer containing the same advance and reimbursement terms as the 2012 and 2013 OFAs and anticipating a shortfall in operations revenues of \$31,000 for the fiscal year 2014. The obligation of the Developer to advance funds under the 2014 OFA expired on February 1, 2015. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the 2014 OFA on or before December 31, 2054, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

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NOTES TO THE FINANCIAL STATEMENTS

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2015 Operation Funding Agreement (“2015 OFA”)

On December 9, 2014, the District entered into a 2015 OFA with the Developer containing the same advance and reimbursement terms as the previous OFAs and anticipating a shortfall in operations revenues of \$31,000 for the fiscal year 2015. The obligation of the Developer to advance funds under the 2015 OFA expired on February 1, 2016. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the 2015 OFA on or before December 31, 2055, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

2016 Operation Funding Agreement (“2016 OFA”)

On May 17, 2016, with an effective date of January 1, 2016, the District entered into a 2016 OFA with Broomfield Commercial LLC (the “New Developer” – see Note 9) containing the same advance and reimbursement terms as the previous OFAs and anticipating a shortfall in operations revenues of \$45,000 for the fiscal year 2016. The obligation of the New Developer to advance funds under the 2016 OFA expired on March 15, 2017. In the event the District has not reimbursed the New Developer for any New Developer Advance(s) made pursuant to the 2016 OFA on or before December 31, 2056, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

2017 – 2021 Operation Funding Agreement (“2017 – 2021 OFA”)

On November 16, 2016, with an effective date of January 1, 2017, the District entered into a 2017 – 2021 OFA with the New Developer containing the same advance and reimbursement terms as the previous OFAs and anticipating a shortfall in operations revenues of \$250,000 for the fiscal years 2017 through 2021. The obligation of the New Developer to advance funds under the 2017 – 2021 OFA expired on March 15, 2022. In the event the District has not reimbursed the New Developer for any New Developer Advance(s) made pursuant to the 2017 – 2021 OFA on or before December 31, 2061, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Priority of Payments

Payments to reimburse the Developer and the New Developer shall be applied as follows: (a) first to the 2012 OFA accrued and unpaid interest and then to the 2012 OFA principal amount due; then (b) first to the accrued and unpaid interest and then to the principal amount due pursuant to the 2013 OFA; then (c) first to the accrued and unpaid interest and then to the principal amount due pursuant to the 2014 OFA then (d) first to the accrued and unpaid interest and then to the principal amount due pursuant to the 2015 OFA then (e) first to the accrued and unpaid interest and then to the principal amount due pursuant to the 2016 OFA,

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and then (f) first to the accrued and unpaid interest and then to the principal amount due pursuant to the 2017 – 2021 OFA.

2012 Facilities Funding and Acquisition Agreement

On May 1, 2012, the District entered into a Facilities Funding and Acquisition Agreement with the Developer (“2012 FFAA”). The 2012 FFAA acknowledges that the Developer has expended funds for the organization of the District and, upon independent verification and approval of those expenses, provides for the reimbursement of those costs. The 2012 FFAA also provides for further advances during the fiscal years 2012 through 2014 of up to \$2,500,000 to fund construction related expenses. The advances will accrue simple interest at a rate of 8.0% per annum. Advances for organizational expenses shall accrue interest from the organization date. Advances for construction related expenses shall accrue interest either from the organization date, the date of deposit in the District’s account or the date the verified costs were incurred by the Developer. Repayments by the District to the Developer shall be first applied to accrued interest and then to principal. No payment is required until the District issues bonds that include a project fund for repayment of Developer or New Developer. The 2021 Bonds were issued to refund the 2012 Bonds and there was no project fund established in the issuance.

On January 7, 2016, the 2012 FFAA was terminated pursuant to a Termination of Facilities Funding and Acquisition Agreement (“Termination”). As of December 31, 2016, \$36,641 in principal and interest under the 2012 FFAA was recognized by the District as an amount payable to the New Developer pursuant to the Termination and the 2016 FFAA (defined below).

2016 Facilities Funding and Acquisition Agreement

Executed January 7, 2016, the District and the New Developer entered into a Facilities Funding and Acquisition Agreement (“2016 FFAA”). The 2016 FFAA anticipates that the New Developer will expend funds for the design, construction and completion of public improvements and obligates the New Developer to advance up to \$200,000 for construction related expenses between fiscal year 2016 and 2021. The advances accrue simple interest at a rate of 8% per annum from the date of deposit in the District’s account. The 2016 FFAA also acknowledges the District’s obligation to reimburse the New Developer for the \$36,641 identified as an advance payable under the Termination. In the event the District has not paid or reimbursed the Developer for any Construction Related Expenses and/or Verified Costs by December 31, 2056, whether invoiced or not invoiced by such date, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

At December 31, 2021, the outstanding principal and interest owed on the 2016 FFAA is \$29,405 and \$20,220, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

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Note 5 – Intergovernmental Agreements

Amended and Restated Intergovernmental Agreement with the City

On April 24, 2012, the District entered into an Amended and Restated Intergovernmental Agreement (“Agreement”) with the City whereby the District agreed to various restrictions and notification requirements related to areas such as district dissolution, tax or fee impositions, bond issuances, boundary expansions and service expansions. This Agreement supersedes the Intergovernmental Agreement entered into on May 13, 2008, with the City.

Reimbursement Agreement with the City

On April 24, 2012, the District entered into a Reimbursement Agreement with the City (“Reimbursement Agreement”). The Reimbursement Agreement sets forth the rights and responsibilities of the District and the City regarding the financing and provision of public improvements, and the reimbursement for the costs of such improvements. The Reimbursement Agreement supersedes the Reimbursement Agreement entered into on May 13, 2008 with the City. Pursuant to the terms of the Reimbursement Agreement, the City will pay the District 50% of the sales tax revenue produced by the 3.5% sales tax rate imposed upon taxable sales, rentals and services which occur within the District. All funds collected pursuant to the Reimbursement Agreement will be deposited with a trustee and used to pay debt service on the 2012 Revenue Bonds, replenishment of reserves and surplus funds, reimbursement of credit enhancers and payment of trustee fees.

The obligation of the City to make payments under the Reimbursement Agreement shall terminate on the first to occur of (a) the last day of 25 years from the date of the Reimbursement Agreement, (b) 20 years from the date the District notifies the City that 15,000 square feet of retail space is "open for business" within the District or (c) payment of the Bonds.

No payments were required to be made by the City to the District during the year ended December 31, 2021.

Note 6 – Net Position

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

BBC METROPOLITAN DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

The District reports the following restricted net position balances:

- ***Restricted for TABOR Emergencies*** – Emergency reserves in the amount of \$600 have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

Unrestricted net position represents assets that do not have any third-party limitations on their use.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

Note 7 – Related Party

The District publicly bid the construction of public improvements with the proceeds of the Bonds and awarded the contract to the lowest responsible bidder. The construction company that was awarded the contract has an officer who is related to the individual who served as Project Manager for the District, under the Service Agreement until its termination on January 7, 2016.

On January 7, 2016, the property comprising the District was conveyed from the Developer to Broomfield Commercial, LLC ("New Developer"). In May 2016, all of the members of the Board of Directors who were affiliated with the Developer resigned and were replaced by three new individuals. Of the three members of the Board of Directors, as of December 31, 2021, two did not seek reelection in 2022 and the one remaining Director provides consulting services to the New Developer and may have conflicts of interest in dealing with the District.

Note 8 – Economic Dependency

The District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon actions by the Developer to advance funds for operations of the District.

BBC METROPOLITAN DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

Note 9 – 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 natural disasters.

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

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

Note 10 – 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.

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 and qualification as an Enterprise will require judicial interpretation.

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

On November 5, 2002, the District's electors approved the following ballot issues:

Shall BBC/Overlook Metropolitan District taxes be increased \$250,000 annually in the first full fiscal year and every fiscal year thereafter by the imposition of a mill levy on all taxable property within the boundaries of the District, which mill levy shall generate not more than \$250,000 in ad valorem property tax revenues for the District in the first full fiscal year for purposes of the operation and maintenance of the District 's services and facilities; and shall the revenues generated by such taxes for 2002 and for each year thereafter be approved as an increased levy without regard to the tax increase limitation contained in section 29-1-301, Colorado Revised Statutes, or any other tax increase limitation under any other law; and shall the revenue change caused by the collection and spending of such tax revenues in every year be approved, permitting such tax revenues and any investment earnings thereon to be collected and spent by the District without limitation or condition, and without limiting the collection or spending of any other revenues or funds by the District under Article X, section 20 of the Colorado Constitution or any other law?

Shall BBC/Overlook Metropolitan District be authorized to retain all revenues from its rates, fees, tolls, and charges (both operating and capital in nature) for water facilities and services in 2002 and in all subsequent years; and shall the District be authorized to spend such revenues as a voter-approved revenue change and an exception to any spending limitations which might otherwise apply, without limiting the collection and spending of other revenues of the District in any year?

Shall BBC/Overlook Metropolitan District be authorized to retain all revenues from its rates, fees, tolls, and charges (both operating and capital in nature) for sanitary sewer facilities and services in 2002 and in all subsequent years; and shall the District be authorized to spend such revenues as a voter-approved revenue change and an exception to any spending limitations which might otherwise apply, without limiting the collection and spending of other revenues of the District in any year?

Shall BBC/Overlook Metropolitan District be authorized to retain all revenues generated by or from rates, fees, tolls, charges, specific ownership taxes, agreements with other local governments, grants from the state or from any local government, lottery distributions, and any other revenues generated or received by the District, including reductions in debt service, in 2002 and in all subsequent years (which amount does not include revenues generated from ad valorem property taxes); and shall the District be authorized to spend such revenues as a voter-approved revenue change and an exception to any revenue or spending limitations which might otherwise apply?

BBC METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

On November 4, 2014, the District's electors approved the following ballot issues:

Shall BBC Metropolitan District taxes be increased \$1,000,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall BBC Metropolitan District taxes be increased \$1,000,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall BBC Metropolitan District be authorized to collect, receive, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, public improvement fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law, covenants or contract to be imposed, collected or received by the District during 2014 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, received, retained and spent by the District?

SUPPLEMENTARY INFORMATION

BBC METROPOLITAN DISTRICT

DEBT SERVICE FUND

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

**For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual
Revenues					
Property Taxes	\$ 243,861	\$ 243,861	\$ 242,157	\$ (1,704)	\$ 91,301
Specific Ownership Tax	5,500	5,500	5,367	(133)	5,084
Net Investment Income	-	-	131	131	1,318
Total Revenues	249,361	249,361	247,655	(1,706)	97,703
Expenditures					
Bond Principal		8,650,000	8,650,000	-	-
Bond Interest	240,000	6,710,000	6,702,706	7,294	80,590
Bond Issue Costs	-	626,000	625,009	991	-
Paying Agent Fees	1,500	1,500	1,750	(250)	1,750
Treasurer's Fees	3,658	3,658	3,634	24	1,389
Total Expenditures	245,158	15,991,158	15,983,099	8,059	83,729
Excess Revenues Over (Under) Expenditures	4,203	(15,741,797)	(15,735,444)	6,353	13,974
Other Financing Sources					
Bond Proceeds	-	15,745,000	15,745,000	-	-
Developer Advances	-	-	-	-	1,750
Total Other Financing Sources	-	15,745,000	15,745,000	-	1,750
Net Change in Fund Balance	4,203	3,203	9,556	6,353	15,724
Fund Balance - Beginning	16,777	20,656	20,656	-	4,932
Fund Balance - Ending	\$ 20,980	\$ 23,859	\$ 30,212	\$ 6,353	\$ 20,656

See the Accompanying Independent Auditor's Report

OTHER INFORMATION

BBC METROPOLITAN DISTRICT

**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED**

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2012	2013	\$ 166,995	0.000	40.000	40.000	\$ 6,680	\$ 6,680	100.00%
2013	2014	191,330	0.000	40.000	40.000	7,653	7,647	99.92%
2014	2015	259,170	0.000	40.000	40.000	10,367	10,280	99.16%
2015	2016 (1)	3,150,020	0.000	40.027	40.027	126,086	53,426	42.37%
2016	2017	1,321,430	0.000	50.000	50.000	66,071	66,071	100.00%
2017	2018	1,589,910	0.000	50.000	50.000	79,495	79,494	100.00%
2018	2019	1,162,975	5.000	50.000	55.000	63,964	63,964	100.00%
2019	2020	1,826,020	10.000	50.000	60.000	109,561	109,561	100.00%
2020	2021	4,877,210	12.000	50.000	62.000	302,388	300,275	99.30%

Estimated for
year ending
December 31,
2022

\$ 7,821,240 12.000 43.519 55.519 \$ 434,228

Notes:

(1) Tax abatements amounted to \$72,641 for the year ending December 31, 2016.

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Source: Broomfield County Assessor and Treasurer.