

**BRADBURN METROPOLITAN
DISTRICT NO. 3
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bradburn Metropolitan District No. 3
Adams County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Bradburn Metropolitan District No. 3 (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 accompanying 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 thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

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.

I

Fiscal Focus Partners, LLC

Auditor's Responsibility 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 GAAS 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 GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 opinions on the basic financial statements are 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 identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 supplementary 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.

Fisouf Focus Partners, LLC

Greenwood Village, Colorado
July 6, 2022

BASIC FINANCIAL STATEMENTS

BRADBURN METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 426,641
Cash and Investments - Restricted	1,106,950
Receivable - County Treasurer	798,274
Property Taxes Receivable	5,322
Prepaid Expense	5,490
Capital Assets, Net of Accumulated Depreciation	95,290
Total Assets	<u>2,437,967</u>
LIABILITIES	
Accounts Payable	2,961
Accrued Interest Payable	27,407
Noncurrent Liabilities:	
Due Within One Year	135,000
Due in More Than One Year	7,937,004
Total Liabilities	<u>8,102,372</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>798,274</u>
Total Deferred Inflows of Resources	<u>798,274</u>
NET POSITION	
Net Investment in Capital Assets	95,290
Restricted for:	
Emergency Reserves	4,500
Debt Service	1,081,515
Unrestricted	<u>(7,643,984)</u>
Total Net Position	<u>\$ (6,462,679)</u>

See accompanying Notes to Basic Financial Statements.

**BRADBURN METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 73,729	\$ -	\$ -	\$ (73,729)
Interest and Related Costs on Long-Term Debt	339,536	-	-	(339,536)
Total Governmental Activities	<u>\$ 413,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(413,265)</u>
GENERAL REVENUES				
Property Taxes				758,442
Specific Ownership Taxes				63,471
Net Investment Income				1,186
Total General Revenues				<u>823,099</u>
CHANGE IN NET POSITION				409,834
Net Position - Beginning of Year				<u>(6,872,513)</u>
NET POSITION - END OF YEAR				<u>\$ (6,462,679)</u>

See accompanying Notes to Basic Financial Statements.

**BRADBURN METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 426,641	\$ -	\$ 426,641
Cash and Investments - Restricted	4,500	1,102,450	1,106,950
Receivable - County Treasurer	950	4,372	5,322
Property Taxes Receivable	142,452	655,822	798,274
Prepaid Expense	2,990	2,500	5,490
	<u>\$ 577,533</u>	<u>\$ 1,765,144</u>	<u>\$ 2,342,677</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 2,961	\$ -	\$ 2,961
Total Liabilities	<u>2,961</u>	<u>-</u>	<u>2,961</u>
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	142,452	655,822	798,274
Total Deferred Inflows of Resources	<u>142,452</u>	<u>655,822</u>	<u>798,274</u>
FUND BALANCES			
Nonspendable for:			
Prepaid Expense	2,990	2,500	5,490
Restricted for:			
Emergency Reserves	4,500	-	4,500
Debt Service	-	1,106,822	1,106,822
Assigned for:			
Subsequent years expenditures	360,396	-	360,396
Unassigned:			
General Government	64,234	-	64,234
Total Fund Balances	<u>432,120</u>	<u>1,109,322</u>	<u>1,541,442</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 577,533</u>	<u>\$ 1,765,144</u>	

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

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds

Capital assets, net of accumulated depreciation 95,290

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded in the funds:

Bonds Payable (7,975,000)

Bonds Premium (97,004)

Accrued Interest Payable - Series 2016 Bonds (27,407)

Net Position of Governmental Activities

\$ (6,462,679)

See accompanying Notes to Basic Financial Statements.

BRADBURN METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 135,344	\$ 623,098	\$ 758,442
Specific Ownership Taxes	11,326	52,145	63,471
Net Investment Income	297	889	1,186
Total Revenues	<u>146,967</u>	<u>676,132</u>	<u>823,099</u>
EXPENDITURES			
Accounting	17,639	-	17,639
Auditing	5,200	-	5,200
County Treasurer's Fee	2,032	9,354	11,386
Dues and Licenses	608	-	608
Insurance and Bonds	3,247	-	3,247
Legal Services	17,118	-	17,118
Paying Agent Fees	-	3,000	3,000
Bond Interest - 2016 Bonds	-	333,688	333,688
Bond Principal - 2016 Bonds	-	120,000	120,000
Total Expenditures	<u>45,844</u>	<u>466,042</u>	<u>511,886</u>
NET CHANGE IN FUND BALANCES	101,123	210,090	311,213
Fund Balances - Beginning of Year	<u>330,997</u>	<u>899,232</u>	<u>1,230,229</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 432,120</u></u>	<u><u>\$ 1,109,322</u></u>	<u><u>\$ 1,541,442</u></u>

See accompanying Notes to Basic Financial Statements.

**BRADBURN METROPOLITAN DISTRICT NO. 3
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ 311,213

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the asset. During the current period, this is the net amount of capital outlay.

Depreciation Expense (27,885)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Current Year Bond Principal Payment 120,000
 Amortization of Bond Premium 6,106

Some expenses 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 400

Change in Net Position of Governmental Activities \$ 409,834

**BRADBURN METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 135,876	\$ 135,344	\$ (532)
Specific Ownership Tax	9,500	11,326	1,826
Interest Income	890	297	(593)
Total Revenues	<u>146,266</u>	<u>146,967</u>	<u>701</u>
EXPENDITURES			
Accounting	19,500	17,639	1,861
Auditing	5,500	5,200	300
County Treasurer's Fee	2,038	2,032	6
Dues and Licenses	550	608	(58)
Insurance and Bonds	3,100	3,247	(147)
Legal Services	20,000	17,118	2,882
Alley Maintenance	375,000	-	375,000
Contingency	5,312	-	5,312
Total Expenditures	<u>431,000</u>	<u>45,844</u>	<u>385,156</u>
NET CHANGE IN FUND BALANCES	(284,734)	101,123	385,857
Fund Balance - Beginning of Year	<u>321,374</u>	<u>330,997</u>	<u>9,623</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 36,640</u></u>	<u><u>\$ 432,120</u></u>	<u><u>\$ 395,480</u></u>

See accompanying Notes to Basic Financial Statements.

BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Bradburn Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Adams County on November 28, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized to provide construction, installation, financing, and operation of public improvements, including water, wastewater, streets, park and recreation facilities, and other improvements needed for the District. The District was organized in conjunction with two other related districts, Bradburn Metropolitan District No. 1 and Bradburn Metropolitan District No. 2 (collectively, the Districts). Under the Consolidated Service Plan approved by the City Council of Westminster on September 11, 2000, as amended by a First Modification dated April 23, 2001, District No. 1 is the Operating District and District Nos. 2 and 3 are the Financing Districts. On August 22, 2016, the City Council approved the Second Modification to the original Consolidated Service Plan for Bradburn Metropolitan District Nos. 1-3. Consistent with the Second Modification, it is no longer necessary for District No. 3 to be part of the Master IGA in order to meet its ongoing administrative, operational or maintenance needs. The District's service area is located entirely within the City of Westminster, Adams County, Colorado.

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

The District is not financially accountable for any other District organization, including District Nos. 1 and 2, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

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

BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District 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 the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District 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.

**BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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 and investments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Alleys	20 years
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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.

BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

Bond Premiums and Discounts

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

In the fund financial statements, governmental fund types recognize bonds premiums, as well as bond 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflow/Inflow of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

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

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 426,641
Cash and Investments - Restricted	1,106,950
Total Cash and Investments	\$ 1,533,591

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 3,091
Investments	1,530,500
Total Cash and Investments	\$ 1,533,591

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.

**BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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 balance of \$3,586 and a carrying balance of \$3,091.

Investments

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

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

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

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 U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,530,500
Total Investments		<u>\$ 1,530,500</u>

BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

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 CRS 24-75-601. 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 CRS 24-75-601. 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 EDGE is rated AA+ by FitchRatings. 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.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

<u>By Classification</u>	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2021</u>
Capital Assets, Being Depreciated				
Alleys	\$ 557,704	\$ -	\$ -	\$ 557,704
Total Capital Assets, Being Depreciated	557,704	-	-	557,704
Less Accumulated Depreciation for:				
Alleys	(434,529)	(27,885)	-	(462,414)
Total Accumulated Depreciation	(434,529)	(27,885)	-	(462,414)
Total Capital Assets, Being Depreciated, Net	123,175	(27,885)	-	95,290
Governmental Activities - Capital Assets, Net	<u>\$ 123,175</u>	<u>\$ (27,885)</u>	<u>\$ -</u>	<u>\$ 95,290</u>

BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Net Issues	Retirements/ Refundings	Balance - December 31, 2021	Due Within One Year
2016 - \$8,500,000 General Obligation Refunding and Improvement Bonds	\$ 8,095,000	\$ -	\$ 120,000	\$ 7,975,000	\$ 135,000
Bonds Premium, Series 2016	103,110	-	6,106	97,004	-
Total	<u>\$ 8,198,110</u>	<u>\$ -</u>	<u>\$ 126,106</u>	<u>\$ 8,072,004</u>	<u>\$ 135,000</u>

The detail of the District's general obligation bonds outstanding during 2021 is as follows:

\$8,500,000 General Obligation Refunding Bonds, Series 2016 dated November 23, 2016 (Series 2016 Bonds)

The Series 2016 Bonds include serial and term bonds maturing in 2018 through 2046 and bearing interest rates of 1.50% to 4.00%. Interest payments are payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2016. Principal payments are due or payments to a sinking fund are due on December 1 of each year.

The 2016 Bonds are secured by pledged revenues consisting of the Required Mill Levy, Capital Fees, that portion of the Specific Ownership Taxes allocable to the Required Mill Levy, and any other legally available moneys in that the District determines to apply as pledged revenues. The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount which will be sufficient to pay the principal of and interest on the 2016 Bonds when due and owing.

The outstanding bond principal and interest of the Series 2016 General Obligation Refunding Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 135,000	\$ 328,887	\$ 463,887
2023	140,000	323,488	463,488
2024	155,000	317,887	472,887
2025	160,000	311,688	471,688
2026	175,000	305,287	480,287
2027-2031	1,055,000	1,407,075	2,462,075
2032-2036	1,450,000	1,145,075	2,595,075
2037-2041	1,925,000	795,200	2,720,200
2042-2046	2,780,000	366,800	3,146,800
Total	<u>\$ 7,975,000</u>	<u>\$ 5,301,387</u>	<u>\$ 13,276,387</u>

**BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$8,500,000 General Obligation Refunding Bonds, Series 2016 dated November 23, 2016 (Series 2016 Bonds) (Continued)

The Bonds maturing after December 1, 2026 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, starting on December 1, 2026, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

Debt Authorization

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$74,000,000, at an interest rate not to exceed 18% per annum. Pursuant to the Consolidated Service Plan, the Districts were collectively limited to issuing general obligation debt of \$20,000,000. As of December 31, 2021 the District's debt authorization has expired.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets, calculated as follows:

Net Investment in Capital Assets:

Capital Assets, Net	\$ 95,290
Net Investment in Capital Assets	<u>\$ 95,290</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

Restricted Net Position:

Emergency Reserve	\$ 4,500
Debt Service	<u>1,081,515</u>
Total Restricted Net Position	<u>\$ 1,086,015</u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount was 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.

BRADBURN METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 7, 2000, the District's electors authorized the District to increase property taxes up to \$100,000 annually for District operations (for collection in 2001). The District was authorized to collect, retain and spend such revenue as a permanent revenue change under TABOR and an exception to the limitations set forth in Section 29-1-203, Colorado Revised Statutes.

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 may require judicial interpretation.

SUPPLEMENTARY INFORMATION

**BRADBURN METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 625,548	\$ 623,098	\$ (2,450)
Specific Ownership Taxes	43,780	52,145	8,365
Net Investment Income	4,900	889	(4,011)
Total Revenues	<u>674,228</u>	<u>676,132</u>	<u>1,904</u>
EXPENDITURES			
County Treasurer's Fee	9,383	9,354	29
Paying Agent Fees	3,000	3,000	-
Bond Interest - 2016 Bonds	333,688	333,688	-
Bond Principal - 2016 Bonds	120,000	120,000	-
Contingency	1,931	-	1,931
Total Expenditures	<u>468,002</u>	<u>466,042</u>	<u>1,960</u>
NET CHANGE IN FUND BALANCES	206,226	210,090	3,864
Fund Balance - Beginning of Year	<u>898,937</u>	<u>899,232</u>	<u>295</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,105,163</u></u>	<u><u>\$ 1,109,322</u></u>	<u><u>\$ 4,159</u></u>

**BRADBURN METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$8,500,000 General Obligation Refunding Series 2016 Dated November 23, 2016 Interest at 1.50- 4.50% Payable June 1 and December 1 Principal Due December 1			
Year Ending December 31,	Principal	Interest	Total
2022	\$ 135,000	\$ 328,887	\$ 463,887
2023	140,000	323,488	463,488
2024	155,000	317,887	472,887
2025	160,000	311,688	471,688
2026	175,000	305,287	480,287
2027	185,000	298,288	483,288
2028	200,000	290,425	490,425
2029	210,000	281,925	491,925
2030	225,000	273,000	498,000
2031	235,000	263,437	498,437
2032	255,000	253,450	508,450
2033	270,000	241,975	511,975
2034	290,000	229,825	519,825
2035	305,000	216,775	521,775
2036	330,000	203,050	533,050
2037	345,000	188,200	533,200
2038	365,000	174,400	539,400
2039	380,000	159,800	539,800
2040	410,000	144,600	554,600
2041	425,000	128,200	553,200
2042	450,000	111,200	561,200
2043	470,000	93,200	563,200
2044	500,000	74,400	574,400
2045	520,000	54,400	574,400
2046	840,000	33,600	873,600
Total	\$ 7,975,000	\$ 5,301,387	\$ 13,276,387

**BRADBURN METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2017	\$ 14,468,510	7.108	29.600	\$ 531,109	\$ 530,576	99.90 %
2018	16,683,770	7.108	32.724	664,548	664,548	100.00
2019	16,923,840	7.108	32.724	674,110	673,824	99.96
2020	19,111,300	7.108	32.724	761,241	759,067	99.71
2021	19,115,900	7.108	32.724	761,424	758,442	99.61
Estimated for Year Ending December 31, 2022	\$ 20,041,020	7.108	32.724	\$ 798,274		

NOTE:

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.