



# TURNBERRY

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BNC Metropolitan District No. 1

## **FINANCIAL STATEMENTS**

**As of and for the 12-month period ended  
December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of BNC Metro District

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the BNC Metro District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the BNC Metro 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the BNC Metro District as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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 BNC Metro 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 BNC Metro 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 BNC Metro 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 BNC Metro 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**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BNC Metro District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are 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 combining and individual non-major fund financial statements are 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 comprises the introductory and statistical sections but 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.

*BF Borgers CPA PC*

BF Borgers CPA PC

Lakewood, Colorado

October 19, 2022

**BNC METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>                                  |                                    |
| Cash and investments                           | \$ 90,632                          |
| Cash and investments – restricted              | 563,772                            |
| Accounts receivable                            | 4,064                              |
| Accounts receivable – specific ownership taxes | 5,942                              |
| Property taxes receivable                      | 1,190,000                          |
| Prepaid expenses                               | 19,705                             |
| Capital assets, net                            | 1,721,607                          |
| <b>Total Assets</b>                            | <b>3,595,722</b>                   |
| <b>LIABILITIES</b>                             |                                    |
| Accounts payable and accrued liabilities       | 5,600                              |
| Accrued interest payable                       | 59,758                             |
| Bond premium                                   | 448,948                            |
| Current portion of bonds                       | 200,000                            |
| Bonds payable                                  | 11,091,000                         |
| <b>Total Liabilities</b>                       | <b>11,805,306</b>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                                    |
| Deferred property tax revenue                  | 1,190,000                          |
| <b>NET POSITION (DEFICIT)</b>                  |                                    |
| Restricted:                                    |                                    |
| Emergency reserves                             | 14,300                             |
| Debt service                                   | 350,244                            |
| Capital projects                               | 190,775                            |
| Non-spendable                                  | 19,705                             |
| Unassigned:                                    | (9,974,608)                        |
| <b>Net Position (Deficit)</b>                  | <b>\$ (9,399,584)</b>              |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
For the 12-Month Period Ended  
December 31, 2021

| Functions/Programs                           | Program Revenue       |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |  |
|--|-----------------------|-------------------------|--|--|--|
|  | Expenses              | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  | Capital Grants<br>and<br>Contributions |
| <b>Primary Government:</b>                   |                       |                         |  |  |  |
| <b>Government Activities:</b>                |                       |                         |  |  |  |
| General government activities                | \$ (314,486)          | \$ 43,642               | \$ -                                     | \$ -   | \$ (270,844)                           |
| Interest and related costs on long-term debt | (566,976)             |                         | -  | -  | (566,976)                              |
| Capital project activities                   | (143,620)             | -                       | -  | -  | (143,620)                              |
|  | <u>\$ (1,025,082)</u> | <u>\$ 43,642</u>        | <u>\$ -</u>                              | <u>\$ -</u>  | <u>(981,440)</u>                       |
| <b>General Revenues</b>                      |                       |                         |  |  |  |
| Property taxes                               |                       |                         |  |  | 1,187,388                              |
| Specific ownership taxes                     |                       |                         |  |  | 79,560                                 |
| Net investment income                        |                       |                         |  |  | (3,560)                                |
|  |                       |                         |  |  | <u>1,263,388</u>                       |
|  |                       |                         |  |  | 281,948                                |
|  |                       |                         |  |  | <u>(9,681,532)</u>                     |
|  |                       |                         |  |  | <u>\$ (9,399,584)</u>                  |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2021**

|   | General Fund      | Debt Service Fund   | Capital Project Fund | Total Government Funds |
|---|-------------------|---------------------|----------------------|------------------------|
| <b>ASSETS</b>   |                   |                     |                      |                        |
| Cash and investments  | \$ 90,632         | \$ -                | \$ -                 | \$ 90,632              |
| Cash and investments - Restricted   | 23,300            | 349,697             | 190,775              | 563,772                |
| Accounts receivable   | 4,064             | -                   | -                    | 4,064                  |
| Accounts receivable - specific ownership tax                              | 1,894             | 4,048               | -                    | 5,942                  |
| Property taxes receivable   | 392,200           | 797,800             | -                    | 1,190,000              |
| Prepaid expenses  | 19,705            | -                   | -                    | 19,705                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 531,795</b> | <b>\$ 1,151,545</b> | <b>\$ 190,775</b>    | <b>\$ 1,874,115</b>    |
| <b>LIABILITIES</b>  |                   |                     |                      |                        |
| Accounts payable and accrued liabilities                                  | \$ 1,057          | \$ 3,501            | \$ -                 | \$ 4,558               |
| Prepaid dues  | 1,042             | -                   | -                    | 1,042                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                   |                     |                      |                        |
| Deferred property tax revenue   | 392,200           | 797,800             | -                    | 1,190,000              |
| <b>FUND BALANCES</b>  |                   |                     |                      |                        |
| Restricted:   |                   |                     |                      |                        |
| Emergencies (TABOR)   | 14,300            | -                   | -                    | 14,300                 |
| Debt service  | -                 | 350,244             | -                    | 350,244                |
| Capital projects  | -                 | -                   | 190,775              | 190,775                |
| Non-spendable   | 19,705            | -                   | -                    | 19,705                 |
| Unrestricted  | 103,491           | -                   | -                    | 103,491                |
| <b>TOTAL FUND BALANCES</b>  | <b>137,496</b>    | <b>350,244</b>      | <b>190,775</b>       | <b>678,515</b>         |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 531,795</b> | <b>\$ 1,151,545</b> | <b>\$ 190,775</b>    |                        |

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

|   |                       |
|---|-----------------------|
| Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds | 1,721,607             |
| Land, property, structures and equipment, net   | 1,721,607             |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:                                |                       |
| Bonds payable   | (11,291,000)          |
| Bond premium  | (448,948)             |
| Accrued interest payable  | (59,758)              |
| <b>Net position of governmental activities</b>  | <b>\$ (9,399,584)</b> |

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**12-Month Period Ended**  
**December 31, 2021**

|  | General Fund      | Debt Service Fund | Capital Project Fund | Total Government Funds |
|--|-------------------|-------------------|----------------------|------------------------|
| <b>REVENUES</b>  |                   |                   |                      |                        |
| Property taxes   | \$ 378,395        | \$ 808,993        | \$ -                 | \$ 1,187,388           |
| Specific ownership taxes   | 25,354            | 54,206            | -                    | 79,560                 |
| Covenant violation fine income   | 4,650             | -                 | -                    | 4,650                  |
| Reimb expenses - collection costs  | 6,992             | -                 | -                    | 6,992                  |
| Conservation trust fund revenue  | -                 | -                 | -                    | -                      |
| Net investment income  | (1,667)           | 24                | (1,917)              | (3,560)                |
| Other income   | 32,000            | -                 | -                    | 32,000                 |
| <b>Total Revenues</b>  | <b>445,724</b>    | <b>863,223</b>    | <b>(1,917)</b>       | <b>1,307,030</b>       |
| <b>EXPENDITURES</b>  |                   |                   |                      |                        |
| General and administration   | 29,824            | -                 | -                    | 29,824                 |
| Landscaping maintenance  | 206,286           | -                 | -                    | 206,286                |
| Pool maintenance and operation   | 68,877            | -                 | -                    | 68,877                 |
| Other district expenses  | 9,499             | -                 | -                    | 9,499                  |
| Debt service   |                   |                   |                      |                        |
| Direct and indirect collection costs   | -                 | 47,465            | -                    | 47,465                 |
| Interest payments on Series 2017A Bonds  | -                 | 420,523           | -                    | 420,523                |
| Principal payments on Series 2017A Bonds   | -                 | 190,000           | -                    | 190,000                |
| Interest payments on Series 2017B Bonds  | -                 | 215,000           | -                    | 215,000                |
| Major capital projects   | -                 | -                 | -                    | -                      |
| <b>Total Expenditures</b>  | <b>314,486</b>    | <b>872,988</b>    | <b>-</b>             | <b>1,187,474</b>       |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>  | <b>131,238</b>    | <b>(9,765)</b>    | <b>(1,917)</b>       | <b>119,556</b>         |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                   |                   |                      |                        |
| Fund Transfers In / (Out)  | (205,000)         | -                 | 205,000              | -                      |
| <b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b> | <b>(73,762)</b>   | <b>(9,765)</b>    | <b>203,083</b>       | <b>119,556</b>         |
| <b>FUND BALANCES – BEGINNING</b>   | <b>211,258</b>    | <b>360,009</b>    | <b>(12,308)</b>      | <b>558,959</b>         |
| <b>FUND BALANCES – END OF YEAR</b>   | <b>\$ 137,496</b> | <b>\$ 350,244</b> | <b>\$ 190,775</b>    | <b>\$ 678,515</b>      |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**12-Month Period Ended**  
**December 31, 2021**

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

|  |    |         |
|--|----|---------|
| Net change in fund balances – Total government funds | \$ | 119,556 |
|--|----|---------|

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

|                           |  |         |
|---------------------------|--|---------|
| Bonds - principal payment |  | 190,000 |
|---------------------------|--|---------|

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 asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

|  |  |           |
|--|--|-----------|
| Depreciation expense on property, structures and equipment |  | (143,620) |
|--|--|-----------|

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.

|                                    |  |        |
|------------------------------------|--|--------|
| Amortization of bond premium       |  | 30,127 |
| Change in accrued interest on debt |  | 85,885 |

|   |           |                       |
|---|-----------|-----------------------|
| <b>Changes in net position of governmental activities</b> | <b>\$</b> | <b><u>281,948</u></b> |
|---|-----------|-----------------------|

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|  | Original Budget   | Actual Amounts    | Positive /<br>(Negative)<br>Variance with<br>Original Budget |
|--|-------------------|-------------------|--|
| <b>REVENUES</b>  |                   |                   |  |
| Property taxes   | \$ 380,600        | \$ 378,395        | \$ (2,205)   |
| Specific ownership taxes                                   | 27,400            | 25,354            | (2,046)  |
| Covenant violation fine income                             | -                 | 4,650             | 4,650  |
| Reimb expenses - collection costs                          | -                 | 6,992             | 6,992  |
| Net investment income                                      | 2,000             | (1,667)           | (3,667)  |
| Other income   | 32,100            | 32,000            | (100)  |
| <b>Total Revenues</b>                                      | <b>442,100</b>    | <b>445,724</b>    | <b>3,624</b>   |
| <b>EXPENDITURES</b>  |                   |                   |  |
| General and administration                                 | 37,400            | 29,824            | 7,576  |
| Landscaping maintenance                                    | 284,200           | 206,286           | 77,914   |
| Pool maintenance and operation                             | 51,500            | 68,877            | (17,377)   |
| Other district expenses                                    | 14,000            | 9,499             | 4,501  |
| <b>Total Expenditures</b>                                  | <b>387,100</b>    | <b>314,486</b>    | <b>72,614</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>        | <b>55,000</b>     | <b>131,238</b>    | <b>76,238</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                   |                   |  |
| Transfers in (out)   | (205,000)         | (205,000)         | -  |
| <b>Total Other Financing Sources (Uses)</b>                | <b>(205,000)</b>  | <b>(205,000)</b>  | <b>-</b>   |
| <b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b> | <b>(150,000)</b>  | <b>(73,762)</b>   | <b>76,238</b>  |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>                    | <b>279,400</b>    | <b>211,258</b>    | <b>(68,142)</b>  |
| <b>FUND BALANCE – END OF YEAR</b>                          | <b>\$ 129,400</b> | <b>\$ 137,496</b> | <b>\$ 8,096</b>  |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**GENERAL FUND**  
**EXPENDITURE DETAILS - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|   | Original Budget   | Actual Amounts    | Positive /<br>(Negative) Variance<br>with Original<br>Budget |
|---|-------------------|-------------------|--|
| <b>GENERAL AND ADMINISTRATION</b>       |                   |                   |  |
| District management and accounting fees | \$ 35,000         | \$ 35,000         | \$ -   |
| Administrative costs                    | 3,000             | 5,832             | (2,832)  |
| Audit fees                              | 6,000             | 5,940             | 60   |
| Collection fees – County Treasurer      | 5,700             | 5,679             | 21   |
| Board of Directors’ fees                | 3,000             | 1,600             | 1,400  |
| Board training and conferences          | 2,600             | -                 | 2,600  |
| Insurance                               | 4,800             | 5,597             | (797)  |
| Legal fees                              | 4,000             | -                 | 4,000  |
| Indirect Cost Allocation                | (28,200)          | (29,824)          | 1,624  |
| Newsletter publication costs            | -                 | -                 | -  |
| Contingency                             | 1,500             | -                 | 1,500  |
| <b>Total General and Administration</b> | <b>\$ 37,400</b>  | <b>\$ 29,824</b>  | <b>\$ 7,576</b>  |
| <b>LANDSCAPING MAINTENANCE</b>          |                   |                   |  |
| Ground maintenance fees                 | 51,000            | 53,235            | (2,235)  |
| Tree maintenance & replacement          | 21,000            | 36,337            | (15,337)   |
| Pest control                            | 3,000             | -                 | 3,000  |
| Sprinkler & backflow repairs            | 18,000            | 23,292            | (5,292)  |
| Sprinklers – water                      | 120,000           | 72,203            | 47,797   |
| Sprinklers – electricity                | 6,300             | 2,082             | 4,218  |
| Landscaping projects                    | 24,000            | 6,193             | 17,807   |
| Perimeter fence maintenance             | 6,000             | -                 | 6,000  |
| Fertilization/weed control              | 9,500             | -                 | 9,500  |
| Detention pond maintenance              | 6,000             | -                 | 6,000  |
| Playground maintenance                  | 2,000             | 657               | 1,343  |
| Insurance property                      | 12,400            | 11,881            | 519  |
| Miscellaneous landscape costs           | 5,000             | 406               | 4,594  |
| <b>Total Landscaping Maintenance</b>    | <b>\$ 284,200</b> | <b>\$ 206,286</b> | <b>\$ 77,914</b>   |

**POOL MAINTENANCE AND OPERATION**

|   |                         |                         |                           |
|---|-------------------------|-------------------------|---------------------------|
| Pool maintenance fees                       | 8,400                   | 19,375                  | (10,975)                  |
| Pool chemicals                              | 4,000                   | 2,041                   | 1,959                     |
| Repairs and supplies                        | 5,000                   | 6,420                   | (1,420)                   |
| Pool furniture maintenance                  | 1,500                   | 2,973                   | (1,473)                   |
| Electricity                                 | 2,300                   | 1,434                   | 866                       |
| Gas - pool heating                          | 2,000                   | 1,390                   | 610                       |
| Water and sewer                             | 2,800                   | 2,797                   | 3                         |
| Gate attendant services                     | 24,000                  | 30,507                  | (6,507)                   |
| Pool key administration                     | 1,500                   | 1,940                   | (440)                     |
| Miscellaneous                               | -                       | -                       | -                         |
| <b>Total Pool Maintenance and Operation</b> | <b><u>\$ 51,500</u></b> | <b><u>\$ 68,877</u></b> | <b><u>\$ (17,377)</u></b> |

**OTHER DISTRICT EXPENSES**

|                                      |                         |                        |                        |
|--------------------------------------|-------------------------|------------------------|------------------------|
| Snow removal                         | 8,000                   | 8,958                  | (958)                  |
| Vandalism                            | 1,000                   | -                      | 1,000                  |
| Park and recreation events           | 5,000                   | -                      | 5,000                  |
| Dumpster service                     | -                       | 541                    | (541)                  |
| <b>Total Other District Expenses</b> | <b><u>\$ 14,000</u></b> | <b><u>\$ 9,499</u></b> | <b><u>\$ 4,501</u></b> |

These financial statements should be read only in connection with the accompanying notes to the financial statements.

BNC METROPOLITAN DISTRICT NO. 1  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2021

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

BNC Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 30, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Commerce City (City) in August 2000 and amended with City approval in September 2003. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of approximately 22.7 acres of undeveloped land on the south side of 104<sup>th</sup> Avenue and 458 single family homes on the north side of 104<sup>th</sup> Avenue. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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 organizations 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 organizations 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 has no employees and all operations and administrative functions are contracted.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are 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.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows 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 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

### **Budgets**

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

Investments are carried at fair value.

## **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.

On November 7, 2000, District voters authorized the District to assess property taxes up to \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

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

## **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2021, the District's share of Specific ownership taxes was equal to approximately 6.7% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Collection Costs**

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

For the 2021 year, the District allocated indirect collection costs between its general fund (50% cost allocation) and its debt fund (50% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally

allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2021 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

### **Capital Assets**

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

### **Bond Premiums**

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 bond premiums 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.

### **Equity – Net Position**

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

### **Equity – 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: non-spendable, 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:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a 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 a 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 policy 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 – unrestricted | \$ 90,632         |
| Cash and investments – restricted   | 563,772           |
| <b>Total cash and investments</b>   | <b>\$ 654,404</b> |

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

|                                      |                   |
|--------------------------------------|-------------------|
| Deposits with financial institutions | \$ 55,212         |
| Investments                          | 599,192           |
| <b>Total cash and investments</b>    | <b>\$ 654,404</b> |

### 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 \$55,212.

## 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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District's investments were comprised of the following:

| Investment                                | Maturity                          | Amortized Cost    |
|---|-----------------------------------|-------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted Average<br>Under 60 Days | \$ 599,192        |
|   |                                   | <b>\$ 599,192</b> |

## CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and

each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

#### NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2021, follows:

|  | Balance at<br>Dec. 31, 2020 | Additions        | Dedications       | Balance at<br>Dec. 31, 2021 | Accumulated<br>Depreciation |
|--|-----------------------------|------------------|-------------------|-----------------------------|-----------------------------|
| <b>Capital assets not being depreciated</b>          |                             |                  |                   |                             |                             |
| Land   | \$ -                        | \$ 18,900        | \$ -              | \$ 18,900                   |                             |
| Total capital assets not being depreciated           | -                           | -                | -                 | -                           |                             |
| <b>Capital assets subject to depreciation</b>        |                             |                  |                   |                             |                             |
| Perimeter fencing                                    | \$ -                        | \$ 564,700       | \$ -              | \$ 564,700                  | (\$ 414,260)                |
| Pool equipment                                       | -                           | 264,225          | -                 | 264,225                     | ( 242,220)                  |
| Landscaping in public open spaces                    | 2,962,749                   | ( 828,925)       | ( 4,675)          | 2,129,149                   | ( 935,972)                  |
| Community pool facility                              | 518,600                     | -                | -                 | 518,600                     | ( 181,515)                  |
| Total capital assets subject to depreciation         | 3,481,349                   | -                | ( 4,675)          | 3,476,674                   | ( 1,773,967)                |
| <b>Governmental activities – Capital assets, net</b> | <b>\$ 3,481,349</b>         | <b>\$ 18,900</b> | <b>(\$ 4,675)</b> | <b>\$ 3,495,574</b>         | <b>(\$ 1,773,967)</b>       |

In 2006, the District funded the installation of landscaping improvements and perimeter fencing across approximately 16 acres of public open spaces located within the District. The District also funded the construction of a public swimming pool facility. On May 13, 2021, Turnberry Meadows HOA transferred ownership of these land tracts to the District.

#### NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2021:

|  | Balance at<br>Dec. 31, 2020 | Additions         | Retirements         | Balance at<br>Dec. 31, 2021 | Due within<br>one year |
|--|-----------------------------|-------------------|---------------------|-----------------------------|------------------------|
| Series 2017A G.O. Bonds                    | \$ 9,840,000                | \$ -              | (\$ 190,000)        | \$ 9,650,000                | \$ 200,000             |
| Accrued Interest – Series 2018A G.O. Bonds | 35,958                      | 420,525           | ( 420,523)          | 35,960                      | -                      |
| Series 2017B G.O. Bonds                    | 1,641,000                   | -                 | -                   | 1,641,000                   | -                      |
| Accrued Interest – Series 2017B G.O. Bonds | 109,685                     | 129,113           | ( 215,000)          | 23,798                      | -                      |
| Series 2017A Bond Premium                  | 479,075                     | -                 | ( 30,127)           | 448,948                     | -                      |
| <b>Total</b>                               | <b>\$ 12,105,718</b>        | <b>\$ 549,638</b> | <b>(\$ 855,650)</b> | <b>\$ 11,799,706</b>        | <b>\$ 200,000</b>      |

Details regarding the District's long-term obligations are as follows:

### Series 2017A General Obligation Refunding and Improvement Bonds (Senior Bonds)

On November 02, 2017, the District issued Limited Tax (Convertible to Unlimited Tax) G.O. Refunding and Improvement Bonds, Series 2017A in the amount of \$10,340,000. The Senior Bonds bear interest at rates ranging from 3.00% to 5.00%, and the Bonds are payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2028. The Senior Bonds mature on December 1, 2047.

The proceeds from the sale of the Senior Bonds were used as follows:

|   |                     |
|---|---------------------|
| Bond proceeds   | \$ 10,340,000       |
| Bond premium  | 571,724             |
| Less:   |                     |
| Refund the Series 2013A bonds   | ( 4,917,000)        |
| Refund the Series 2013B bonds   | ( 2,806,229)        |
| Accrued interest on 2013 Bonds  | ( 56,629)           |
| Funds restricted for the Senior Reserve Fund                                | ( 307,156)          |
| Funds restricted for the Senior Bond Fund                                   | ( 40,000)           |
| Underwriter's discount  | ( 51,700)           |
| Legal, accounting and other costs of issuance                               | ( 297,196)          |
| <b>Net bond proceeds available for funding costs of public improvements</b> | <b>\$ 2,435,814</b> |

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Fees; and
- d) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Amounts on deposit in the Senior Bond Fund and, prior to the Conversion Date, amounts on deposit in the Senior Reserve Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Reserve Fund in accordance with the Senior Indenture up to the Maximum Reserve Amount of \$307,156.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount. Pursuant to the Senior Indenture, the Senior Surplus Fund will be terminated upon the Conversion Date, if it occurs, and any moneys therein applied to any legal purpose of the District. The balance in the Senior Reserve Fund at December 31, 2021, was \$307,160.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2027, and on any date thereafter, upon payment of par, accrued interest, without redemption premium:

Outstanding bond principal and interest on the Senior Bonds mature as follows:

|              | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|--------------|---------------------|---------------------|----------------------|
| 2022         | \$ 200,000          | \$ 412,950          | \$ 612,950           |
| 2023         | 205,000             | 404,950             | 609,950              |
| 2024         | 215,000             | 396,750             | 611,750              |
| 2025         | 225,000             | 386,000             | 611,000              |
| 2026         | 235,000             | 374,750             | 609,750              |
| 2027-2031    | 1,375,000           | 1,684,000           | 3,059,000            |
| 2032-2036    | 1,755,000           | 1,304,500           | 3,059,500            |
| 2037-2041    | 2,200,000           | 863,925             | 3,063,925            |
| 2042-2046    | 2,650,000           | 416,250             | 3,066,250            |
| 2047         | 590,000             | 22,125              | 612,125              |
| <b>Total</b> | <b>\$ 9,650,000</b> | <b>\$ 6,266,200</b> | <b>\$ 15,916,200</b> |

The District's detail debt service schedule for its Senior Bonds is provided on page 29.

### **Series 2017B Subordinate General Obligation Limited Tax Bonds (Subordinate Bonds)**

On November 02, 2017, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2017B in the amount of \$1,641,000. The stated interest rate on the Subordinate Bonds is 7.375% per annum, and the Bonds are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 16, 2047. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 16, 2057, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The proceeds from the sale of the Subordinate Bonds were used as follows:

|   |                     |
|---|---------------------|
| Bond proceeds   | \$ 1,641,000        |
| Less:   |                     |
| Underwriter's discount  | ( 49,230)           |
| <b>Net bond proceeds available for funding costs of public improvements</b> | <b>\$ 1,591,770</b> |

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2022, 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:

| Date of Redemption                      | Redemption Premium (%) | Redemption Premium (\$) |
|---|------------------------|-------------------------|
| December 15, 2022, to December 14, 2023 | 3.0%                   | \$ 49,230               |
| December 15, 2023, to December 14, 2024 | 2.0%                   | \$ 32,820               |
| December 15, 2024, to December 14, 2025 | 1.0%                   | \$ 16,410               |
| December 15, 2025, and thereafter       | 0.0%                   | \$ -                    |

## Debt Authorization

### Debt Authorization – Service Plan

The District’s Service Plan, which was approved by the City on September 15, 2003, authorizes the District, BNC Metropolitan District No 1 (BNC1) and BNC Metropolitan District No. 3 (BNC3) to issue up to \$60 million in debt among the three districts. The District’s Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District’s total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000. As of August 21, 2000, the ratio was 9.74%. The ratio for 2021 was 7.15%, which caused the District’s Maximum Mill Levy for debt service for 2021 to be 68.112.

As of December 31, 2021, total remaining debt issuance authorization under the District’s Third Amended and Restated Service Plan is as follows:

|  | BNC Metro 1          | BNC Metro 2          | BNC Metro 3 | Combined Total      |
|--|----------------------|----------------------|-------------|---------------------|
| Authorized maximum debt issuance per Service Plan      |                      |                      |             | \$60,000,000        |
| Less:  |                      |                      |             |                     |
| Series 2004 Bonds                                      | \$ 6,020,000         | \$ -                 | \$ -        |                     |
| Series 2005 Bonds                                      | -                    | 5,000,000            | -           |                     |
| Series 2013A Bonds                                     | 5,500,000            | -                    | -           |                     |
| Series 2013B Bonds                                     | 2,210,000            | -                    | -           |                     |
| Series 2017A Bonds                                     | 10,340,000           | -                    | -           |                     |
| Series 2017B Bonds                                     | 1,641,000            | -                    | -           |                     |
| Series 2019A Bonds                                     | -                    | 16,755,000           | -           |                     |
| Series 2019B Bonds                                     | -                    | 5,962,000            | -           |                     |
| <b>Total debt issued</b>                               | <b>25,711,000</b>    | <b>27,717,000</b>    | <b>-</b>    | <b>(53,428,000)</b> |
| Refunding of debt                                      | ( 10,830,222)        | ( 2,477,057)         | -           | 13,307,279          |
| <b>Total Issued Debt, net of refunding debt</b>        | <b>\$ 14,880,778</b> | <b>\$ 25,239,943</b> | <b>\$ -</b> | <b>(40,120,721)</b> |
| <b>Total Remaining Debt Authorized by Service Plan</b> |                      |                      |             | <b>\$19,879,279</b> |

The combined financing plan for the District, BNC2 and BNC3 which was included in the respective District's 2003 service plans submitted to the City projected (1) issuing debt totaling \$30 million to fund the installation of public infrastructure across all three districts and (2) the full build-out of all residential lots across all three districts to be completed by 2011. As of December 31, 2021, the District is fully built out, BNC2 is partially built out, BNC3 is undeveloped.

#### **Debt Authorization – TABOR**

As of December 31, 2021, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District's voters in compliance with TABOR.

#### **NOTE 6 – CONTINGENT OBLIGATIONS**

The District has entered into three contingent obligation agreements with the Developers (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner ("Commissioner"). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2021:

**Operations and Maintenance Cost Reimbursement Agreement.** The District entered into an Amended and Restated Operation Funding Agreement – as executed on May 18, 2004 and amended on March 21, 2006, May 15, 2007, October 16, 2007, and November 18, 2008 – (AROF Agreement) with 104<sup>th</sup> Avenue Investment Partners, LLC (104 AIP, LLC) pursuant to which 104 AIP, LLC agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The District agreed to reimburse the 104 AIP, LLC for such amounts, subject to annual appropriation by the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. On December 31, 2024, any remaining unpaid balances due to 104 AIP, LLC under the AROF Agreement will be discharged.

On October 24, 2017, the District Board, which was comprised of two directors who were owners of Catellus CC Note, LLC (CCC Note, LLC) and three directors who were owners of 104 AIP, LLC, and 104 AIP, LLC amended the AROF Agreement to require any District repayments made under this Agreement to be paid 50% to CCC Note, LLC and 50% to 104 AIP, LLC. As of the date this amendment was executed, total advances from 106 AIP, LLC and accrued interest under the AROF Agreement totaled approximately \$782,000.

For the 12-month period ended December 31, 2021, District payments made, advances received and interest accrued under the OMCR Agreement is as follows:

|   | <u>104 AIP, LLC</u> | <u>CCC Note, LLC</u> | <u>Total</u>      |
|---|---------------------|----------------------|-------------------|
| <b>Developers Advances – Operations</b>                     |                     |                      |                   |
| Beginning Balance (Jan. 01, 2021)                           | \$ 219,983          | \$ 219,983           | \$ 439,966        |
| Additional advances   | -                   | -                    | -                 |
| Payments to the Developers                                  | -                   | -                    | -                 |
| <b>Ending Balance (Dec. 31, 2021)</b>                       | <b>\$ 219,983</b>   | <b>\$ 219,983</b>    | <b>\$ 439,966</b> |
| <b>Accrued Interest on Developers Advances – Operations</b> |                     |                      |                   |
| Beginning Balance (Jan. 01, 2021)                           | \$ 177,580          | \$ 177,580           | \$ 355,160        |
| Accrued interest  | 17,599              | 17,599               | 35,198            |
| Payments to the Developers                                  | -                   | -                    | -                 |
| <b>Ending Balance (Dec. 31, 2021)</b>                       | <b>\$ 195,179</b>   | <b>\$ 195,179</b>    | <b>\$ 390,358</b> |

**2003 Public Facility Reimbursement Agreement.** On July 01, 2003, the District entered into a Public Facility Reimbursement Agreement with 104 AIP, LLC (2003 PFR Agreement) pursuant to which 104 AIP, LLC agreed to advance to the District approximately \$50,000 to fund the organizational costs of the District and up to \$2 million to fund the construction of public improvements within the boundaries of the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. The District agreed to reimburse 104 AIP, LLC for such amounts, subject to annual appropriation by the District. The 2003 PFR Agreement will terminate and any remaining unpaid balances due to 104 AIP, LLC under the PFR Agreement will be discharged upon the earlier of either (1) repayment of total outstanding principal and interest due to 104 AIP, LLC or (2) December 31, 2023.

On October 24, 2017, the District Board, which was comprised of two directors who were owners of Catellus CC Note, LLC (CCC Note, LLC) and three directors who were owners of 104 AIP, LLC, and 104 AIP, LLC amended the 2003 PFR Agreement to require any District repayments made under this Agreement to be paid 50% to CCC Note, LLC and 50% to 104 AIP, LLC. As of the date this amendment was executed, total advances from 106 AIP, LLC and accrued interest under the PFR Agreement totaled approximately \$169,000.

In 2021, reimbursable costs incurred by and related payments to the Developers under the PFR Agreement is as follows:

|   | <u>104 AIP, LLC</u> | <u>CCC Note, LLC</u> | <u>Total</u>     |
|---|---------------------|----------------------|------------------|
| <b>Developers' Capital Advances</b>                     |                     |                      |                  |
| Beginning Balance (Jan. 01, 2021)                       | \$ 26,272           | \$ 26,271            | \$ 52,543        |
| Reimbursable costs                                      | -                   | -                    | -                |
| Payments to the Developers                              | -                   | -                    | -                |
| <b>Ending Balance (Dec. 31, 2021)</b>                   | <b>\$ 26,272</b>    | <b>\$ 26,271</b>     | <b>\$ 52,543</b> |
| <b>Accrued Interest on Developers' Capital Advances</b> |                     |                      |                  |
| Beginning Balance (Jan. 01, 2021)                       | \$ 4,204            | \$ 4,204             | \$ 8,408         |
| Accrued interest  | 2,102               | 2,102                | 4,204            |
| Payments to the Developers                              | -                   | -                    | -                |
| <b>Ending Balance (Dec. 31, 2021)</b>                   | <b>\$ 6,306</b>     | <b>\$ 6,306</b>      | <b>\$ 12,612</b> |

**2017 Public Facility Reimbursement Agreement.** On October 24, 2017, the District entered into a Public Facility Reimbursement Agreement with CCC Note, LLC (2017PFR Agreement) pursuant to which CCC Note, LLC agreed to advance to the District cash to fund the construction of public improvements within the boundaries of the District. Contingent obligations incurred under this Agreement accrue simple interest at 8% per annum. Any contingent obligations owing under the 2017 PFR Agreement are subordinate to any contingent obligations owing under the 2003 PFR Agreement. The District agreed to reimburse CCC Note, LLC for such amounts, subject to annual appropriation by the District. The 2017 PFR Agreement will terminate and any remaining unpaid balances due to CCC Note, LLC under the 2017 PFR Agreement will be discharged on December 31, 2057.

For the year ended December 31, 2021, no reimbursable costs were incurred by nor owing to CCC Note, LLC under the 2017PFR Agreement.

## **NOTE 7 – NET POSITION (DEFICIT)**

### **Non-Spendable Net Position**

The District's non-spendable net position as of December 31, 2021 in the general fund, debt service fund and capital project fund totaled \$19,705, \$0, and \$0, respectively.

### **Restricted Net Position**

The District's restricted net position as of December 31, 2021 in the general fund, debt service fund and capital projects fund totaled \$14,300, \$350,244 and \$190,775, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2017 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

### **Non-spendable Net Position**

The District's non-spendable net position as of December 31, 2021 in the general fund totaled \$19,705, consisting of 2022 expenses paid in 2021.

### **Unassigned Net Position**

The District's unassigned net position as of December 31, 2021 totaled (\$9,399,584). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City and the District.

## **NOTE 8 – AGREEMENTS**

### **Covenant Enforcement and Architectural Review Services**

On April 01, 2021, the District entered into a one-year agreement with Turnberry Meadows HOA to serve as the enforcer of the covenants, conditions and restrictions applicable to all home lots within the District as provided in Community Declaration for Turnberry Meadows for the 9--month period beginning April 01, 2021 to December 31, 2021. The cost of providing such services on behalf of the HOA will be funded from the annual revenues generated by the District. This agreement automatically renews on January 1st of each calendar year unless cancelled by the District or the HOA no less than 30 days prior to the renewal date.

### Cost Sharing Agreement with BNC 2 and BNC3

On October 24, 2017, the District entered into an agreement with BNC Metropolitan District No. 2 (BNC2) and BNC Metropolitan District No. 3 (BNC3) to share the costs of installing five public improvements projects located within and without the boundaries of the three districts (Cost Sharing IGA). When this Cost Sharing IGA was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developers.

The five public improvements subject to funding under the Cost Sharing IGA (and related estimated project costs per the Cost Sharing IGA) are as follows;

|   | Location of Infrastructure | District           | BNC2               | BNC3               | Total               |
|---|----------------------------|--------------------|--------------------|--------------------|---------------------|
| Potomac Street Improvements (from E 108 <sup>th</sup> Ave to 112 <sup>th</sup> Ave) | BNC2                       | \$ 464,166         | \$ 596,785         | \$ 265,238         | \$ 1,326,189        |
| 108 <sup>th</sup> Avenue (from Turnberry Pkwy to Potomac St)                        | BNC2                       | 604,678            | 769,590            | -                  | 1,374,268           |
| Turnberry Parkway (from 108 <sup>th</sup> Ave to Potomac St)                        | BNC2                       | 1,680,603          | 2,138,950          | -                  | 3,819,553           |
| Open space landscaping (Turnberry subdivision filing 3)                             | BNC1                       | 548,410            | -                  | -                  | 548,410             |
| Revere Street (South side of 104 <sup>th</sup> Avenue)                              | BNC3                       | 1,116,906          | 1,116,906          | 3,350,718          | 5,584,530           |
| <b>Total Estimated Cost Allocation</b>  |                            | <b>\$4,414,765</b> | <b>\$4,622,232</b> | <b>\$3,615,957</b> | <b>\$12,652,949</b> |

As of December 31, 2021, the status of each of the five projects is as follows:

- The Potomac Street improvement project – completed in 2017
- 108<sup>th</sup> Avenue installation project – completed in 2018
- Turnberry Parkway installation project – partially completed / under construction
- Open space landscaping in Turnberry Filing No. 3 – completed in 2017
- Revere Street (South side of 104<sup>th</sup> Avenue) installation project – not yet started

The District’s maximum funding commitment under the Cost Sharing IGA is limited to \$3,944,802 of the net cash proceeds from the issuance of the District’s 2017 bonds – regardless of the actual costs of the five projects ultimately allocated to the District. This Cost Sharing IGA may be terminated by either (1) mutual consent of all three districts or (2) all three districts accept the allocation of actual costs incurred to construct all five public infrastructure projects.

On December 23, 2019, the District, BNC2 and BNC3 amended the Cost Sharing IGA to appoint BNC3 as the entity responsible for constructing the remaining public improvement projects. Also, per the amendment, the District agreed to transfer all cash from the District’s senior and subordinate project funds (which were funded from the District’s 2017 bond proceeds) to BNC3. As of December 31, 2021, total cash held in the District’s senior and subordinate project funds totaled \$3,351,849. Any such funds not utilized by BNC3 by December 31, 2022 will be returned to the District. When this Cost Sharing IGA was ratified by all three districts, the directors serving on all three boards were employees or owners of the Developers.

On April 24, 2020, the District transferred \$3,363,277 to BNC3 under the Cost Sharing IGA.

## **NOTE 9 – RELATED PARTIES**

The owners and developers of the land within the District was 104th Avenue Investment Partners, LLC (104 AIP, LLC), BCX Development Partners, Inc (BCX) and Catellus CC Note, LLC (CCC Note, LLC) (collectively, the “Developers”).

For the 12-month period ended December 31, 2021, none of the directors serving on the District’s board reported no conflicts of interest regarding their service on the board.

For the 12-month period ended December 31, 2021, none of the directors serving on BNC Metropolitan District No. 2’s (BNC2) board reported no conflicts of interest regarding their service on the board.

For the 12-month period ended December 31, 2021, all of the directors serving on BNC Metropolitan District No. 3’s (BNC2) board reported conflicts of interest regarding their service on the board due to being employees/officers of Catellus Development Corp.

The District is a party to a 2017 Intergovernmental Cost-Sharing Agreement with BNC2 and BNC3. (See Note 8)

All directors serving on the Turnberry Meadows Homeowners Association, Inc (HOA) board are all owners or employees of CCC Note, LLC.

As of December 31, 2021, active related party transactions and agreements between the District and the Developers were as follows:

- The District is party to a 2006 agreement where the HOA has agreed to manage and maintain the District’s properties and facilities (See Note 8)
- The District is a party to a 2017 Intergovernmental Cost-Sharing Agreement with BNC2 and BNC3 (See Note 8)
- The District is a party to an Operation Funding Agreement with 104 AIP, LLC and CCC Note, LLP (See Note 6)
- The District is party to a 2003 public facility reimbursement agreement with 104 AIP, LLC and CCC Note, LLC (See Note 6)
- The District is party to a 2017 public facility reimbursement agreement with CCC Note, LLC (See Note 6)

## **NOTE 10 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials’ liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials’ liability, and workers compensation 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 11 – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution—referred to 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 07, 2000, District voters authorized the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**BNC METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|  | Original Budget   | Actual Amounts    | Positive /<br>(Negative)<br>Variance with<br>Original Budget |
|--|-------------------|-------------------|--|
| <b>REVENUES</b>  |                   |                   |  |
| Property taxes   | \$ 813,700        | \$ 808,993        | \$ (4,707)   |
| Specific ownership taxes   | 58,600            | 54,206            | (4,394)  |
| Net investment income  | 3,000             | 24                | (2,976)  |
| <b>Total Revenues</b>  | <u>875,300</u>    | <u>863,223</u>    | <u>(12,077)</u>  |
| <b>EXPENDITURES</b>  |                   |                   |  |
| Direct and indirect collection costs   | 49,800            | 47,465            | 2,335  |
| Debt service   |                   |                   |  |
| Interest payments on Series 2017A Bonds  | 420,500           | 420,523           | (23)   |
| Principal payments on Series 2017A Bonds   | 190,000           | 190,000           | -  |
| Interest payments on Series 2017B Bonds  | 215,000           | 215,000           | -  |
| <b>Total Expenditures</b>  | <u>875,300</u>    | <u>872,988</u>    | <u>2,312</u>   |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>  | <u>-</u>          | <u>(9,765)</u>    | <u>(9,765)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                   |                   |  |
| Transfers in (out)   | -                 | -                 | -  |
| <b>Total Other Financing Sources (Uses)</b>  | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| <b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES<br/>OVER (UNDER) EXPENDITURES AND OTHER FINANCING<br/>USES</b> | <u>-</u>          | <u>(9,765)</u>    | <u>(9,765)</u>   |
| <b>FUND BALANCE – BEGINNING</b>  | <u>307,200</u>    | <u>360,009</u>    | <u>52,809</u>  |
| <b>FUND BALANCE – END OF YEAR</b>  | <u>\$ 307,200</u> | <u>\$ 350,244</u> | <u>\$ 43,044</u>   |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**COLLECTION COST DETAILS - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|   | Original Budget  | Actual Amounts   | Positive /<br>(Negative)<br>Variance with<br>Original Budget |
|---|------------------|------------------|--|
| <b>DIRECT AND INDIRECT COLLECTION COSTS</b>       |                  |                  |  |
| Collection fees – County Treasurer                | \$ 12,200        | \$ 12,141        | \$ 59  |
| Indirect collection cost allocation               | 28,200           | 29,824           | (1,624)  |
| Administration costs                              | 3,900            | -                | 3,900  |
| Bond paying agent fees                            | 5,500            | 5,500            | -  |
| Miscellaneous                                     | -                | -                | -  |
| <b>Total Direct and Indirect Collection Costs</b> | <b>\$ 49,800</b> | <b>\$ 47,465</b> | <b>\$ 2,335</b>  |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2021**

|   | Original Budget   | Actual Amounts    | Positive /<br>(Negative)<br>Variance with<br>Original Budget |
|---|-------------------|-------------------|--|
| <b>REVENUES</b>                                       |                   |                   |  |
| Conservation trust fund revenue                       | \$ -              | \$ -              | \$ -   |
| Capital contributions                                 | -                 | -                 | -  |
| Net investment income                                 | -                 | (1,917)           | (1,917)  |
| <b>Total Revenues</b>                                 | <u>-</u>          | <u>(1,917)</u>    | <u>(1,917)</u>   |
| <b>EXPENDITURES</b>                                   |                   |                   |  |
| Fund management and accounting fees                   | -                 | -                 | -  |
| Capital projects                                      |                   |                   |  |
| Major capital projects                                | -                 | -                 | -  |
| <b>Total Expenditures</b>                             | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>   | <u>-</u>          | <u>(1,917)</u>    | <u>(1,917)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                   |                   |  |
| Transfers In (Out)                                    | 205,000           | 205,000           | -  |
| <b>Total Other Financing Sources (Uses)</b>           | <u>205,000</u>    | <u>205,000</u>    | <u>-</u>   |
| <b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES</b> | 205,000           | 203,083           | (1,917)  |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>               | <u>2,000</u>      | <u>(12,308)</u>   | <u>(14,308)</u>  |
| <b>FUND BALANCE – END OF YEAR</b>                     | <u>\$ 207,000</u> | <u>\$ 190,775</u> | <u>\$ (16,225)</u>   |

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
December 31, 2021

The District's repayment schedule for its Series 2017A general obligation bonds is as follows:

| Year Ended<br>December 31, | Principal                  | Interest                   | Interest<br>Rate | Total                       |
|----------------------------|----------------------------|----------------------------|------------------|-----------------------------|
| 2022                       | \$ 200,000                 | \$ 412,950                 | 3.75% to 5.00%   | \$ 612,950                  |
| 2023                       | 205,000                    | 404,950                    | 3.75% to 5.00%   | 609,950                     |
| 2024                       | 215,000                    | 396,750                    | 3.75% to 5.00%   | 611,750                     |
| 2025                       | 225,000                    | 386,000                    | 3.75% to 5.00%   | 611,000                     |
| 2026                       | 235,000                    | 374,750                    | 3.75% to 5.00%   | 609,750                     |
| 2027                       | 250,000                    | 363,000                    | 3.75% to 5.00%   | 613,000                     |
| 2028                       | 260,000                    | 350,500                    | 3.75% to 5.00%   | 610,500                     |
| 2029                       | 275,000                    | 337,500                    | 3.75% to 5.00%   | 612,500                     |
| 2030                       | 290,000                    | 323,750                    | 3.75% to 5.00%   | 613,750                     |
| 2031                       | 300,000                    | 309,250                    | 3.75% to 5.00%   | 609,250                     |
| 2032                       | 315,000                    | 294,250                    | 3.75% to 5.00%   | 609,250                     |
| 2033                       | 335,000                    | 278,500                    | 3.75% to 5.00%   | 613,500                     |
| 2034                       | 350,000                    | 261,750                    | 3.75% to 5.00%   | 611,750                     |
| 2035                       | 370,000                    | 244,250                    | 3.75% to 5.00%   | 614,250                     |
| 2036                       | 385,000                    | 225,750                    | 3.75% to 5.00%   | 610,750                     |
| 2037                       | 405,000                    | 206,500                    | 3.75% to 5.00%   | 611,500                     |
| 2038                       | 425,000                    | 188,862                    | 3.75% to 5.00%   | 613,862                     |
| 2039                       | 440,000                    | 172,875                    | 3.75% to 5.00%   | 612,875                     |
| 2040                       | 455,000                    | 156,375                    | 3.75% to 5.00%   | 611,375                     |
| 2041                       | 475,000                    | 139,313                    | 3.75% to 5.00%   | 614,313                     |
| 2042                       | 490,000                    | 121,500                    | 3.75% to 5.00%   | 611,500                     |
| 2043                       | 510,000                    | 103,125                    | 3.75% to 5.00%   | 613,125                     |
| 2044                       | 530,000                    | 84,000                     | 3.75% to 5.00%   | 614,000                     |
| 2045                       | 550,000                    | 64,125                     | 3.75% to 5.00%   | 614,125                     |
| 2046                       | 570,000                    | 43,500                     | 3.75% to 5.00%   | 613,500                     |
| 2047                       | 590,000                    | 22,125                     | 3.75%            | 612,125                     |
|                            | <b><u>\$ 9,650,000</u></b> | <b><u>\$ 6,266,200</u></b> |                  | <b><u>\$ 15,916,200</u></b> |

The original face value of these bonds totaled \$10,340,000. Interest is payable each year on June 1<sup>st</sup> and December 1<sup>st</sup>, and principal payments are due each year on December 1<sup>st</sup>.

No debt-to-maturity schedule is provided for the Series 2017B Subordinate Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay these bonds.

BNC METROPOLITAN DISTRICT NO. 1  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2021

| Year Ended<br>December 31, | Prior Year<br>Assessed Valuation<br>for Current Year<br>tax Levy | Mills Levied |        | Total Property Taxes |                       | Percent<br>Collected<br>to Levied |
|----------------------------|--|--------------|--------|----------------------|-----------------------|-----------------------------------|
|                            |  | Operations   | Debt   | Levied               | Collected<br>(Note A) |                                   |
| 2017                       | \$ 6,176,940   | 13.000       | 50.000 | \$ 370,644           | \$ 389,147            | 105.0%                            |
| 2018                       | 10,503,460   | 14.372       | 55.277 | 731,555              | 731,555               | 100.0%                            |
| 2019                       | 11,735,880   | 14.372       | 55.277 | 817,392              | 817,392               | 100.0%                            |
| 2020                       | 13,605,140   | 14.472       | 55.663 | 954,197              | 962,055               | 100.8%                            |
| 2021                       | 13,648,870   | 27.885       | 59.617 | 1,194,300            | 1,187,388             | 99.42%                            |
| 2022                       | 14,332,490   | 27.364       | 55.664 | 1,190,000            | [TBD]                 | [TBD]                             |

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

## **OTHER SUPPLEMENTARY INFORMATION**

**BNC METROPOLITAN DISTRICT NO. 1**  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2021

|   | 2020<br>Mill Levy * | 2021<br>Mill Levy * | Change         |
|---|---------------------|---------------------|----------------|
| <b>BNC Metropolitan District No 1</b>                     | 87.502              | 83.028              | (4.474)        |
| <b>School District 27-Brighton</b>                        | 48.745              | 49.866              | 1.121          |
| <b>Adams County</b>                                       | 26.897              | 27.069              | 0.172          |
| <b>Commerce City North Infrastructure GID</b>             | 20.000              | 20.000              | -              |
| <b>South Adams County Fire Protection District</b>        | 14.750              | 14.750              | -              |
| <b>Rangeview Library District</b>                         | 3.670               | 3.689               | 0.019          |
| <b>Commerce City</b>                                      | 3.200               | 2.920               | (0.280)        |
| <b>South Adams County Water &amp; Sanitation District</b> | 2.490               | 2.277               | (0.213)        |
| <b>Urban Drainage &amp; Flood Control District</b>        | 0.900               | 0.900               | -              |
| <b>Urban Drainage – South Platte Subdistrict</b>          | 0.100               | 0.100               | -              |
| <b>Total Mill Levy</b>                                    | <b>208.254</b>      | <b>204.599</b>      | <b>(3.655)</b> |

\* -- For property tax collections in 2021

\*\* -- For property tax collections in 2022

BNC METROPOLITAN DISTRICT NO. 1

**HISTORICAL DEBT RATIOS**

December 31, 2021

|  | 2017         | 2018          | 2019          | 2020          | 2021          |
|--|--------------|---------------|---------------|---------------|---------------|
| <b>General Obligation Bonds</b>                              | \$ 7,109,000 | \$ 11,981,000 | \$ 11,846,000 | \$ 11,481,000 | \$ 11,291,000 |
| <b>Accrued, unpaid interest - Bonds</b>                      | \$ 398,228   | \$ 55,795     | \$ 176,481    | \$ 145,643    | \$ 59,758     |
| <b>Restricted cash in debt fund</b>                          | (\$ 350,709) | (\$ 327,436)  | (\$ 308,669)  | (\$ 355,864)  | (\$ 349,697)  |
| <b>Combined assessed property values within the District</b> | \$10,503,460 | \$11,735,880  | \$13,605,140  | \$13,648,870  | \$14,332,490  |
| <b>Ratio of debt to assessed property values</b>             | 68.1%        | 99.8%         | 86.1%         | 82.6%         | 76.8%         |