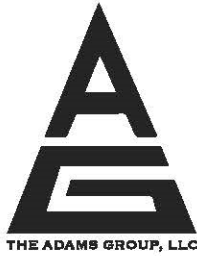


BROMLEY PARK METROPOLITAN DISTRICT NO. 3
Adams County, Colorado

BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bromley Park Metropolitan District No. 3
Adams County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Bromley Park Metropolitan District No. 3 (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bromley Park Metropolitan District No. 3, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison schedule for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The budgetary comparison schedules 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 were 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 budgetary comparison schedules 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 basic financial statements. The other information comprises the schedule of debt service requirements to maturity and the schedule of assessed valuation, mill levy, and property taxes collected, but does not include the basic financial statements and our auditors’ 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.

The Adams Group, LLC

Denver, Colorado
March 7, 2022

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and investments - unrestricted	\$ 653,962
Cash and investments - restricted	1,790,616
Receivable from county treasurer	15,422
Closing deposit	19,000
Prepaid items	775
Property taxes receivable	1,988,758
Capital assets, not being depreciated	285,000
Capital assets, net of depreciation	1,412,736
Total Assets	6,166,269
 <u>Deferred Outflows of Resources</u>	
Deferred loss on refunding	826,886
Total Deferred Outflows of Resources	826,886
 <u>Liabilities</u>	
Accounts payable	35,646
Due to other governments	9,326
Accrued interest on bonds	76,287
Noncurrent liabilities:	
Due within one year	410,000
Due in more than one year	23,245,000
Total Liabilities	23,776,259
 <u>Deferred Inflows of Resources</u>	
Unavailable property taxes	1,988,758
Total Deferred Outflows of Resources	1,988,758
 <u>Net Position</u>	
Net investment in capital assets	(2,149,247)
Restricted	
Emergencies	10,795
Debt service	1,729,930
Unrestricted	(18,363,340)
Total Net Position	\$ (18,771,862)

The accompanying notes are an integral part of the financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 235,060	\$ -	\$ -	\$ -	\$ (235,060)
Public works	5,001,676	-	-	-	(5,001,676)
Interest and expenses on long-term debt	1,069,215	-	-	-	(1,069,215)
Total Governmental Activities	\$ 6,305,951	\$ -	\$ -	\$ -	(6,305,951)

GENERAL REVENUES:

Property taxes	1,856,941
Specific ownership taxes	152,761
Investment earnings	4,665
Total General revenues	2,014,367
Change in net position	(4,291,584)
Net Position, Beginning	(14,480,278)
Net Position, Ending	\$ (18,771,862)

The accompanying notes are an integral part of the financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
GOVERNMENTAL FUNDS – BALANCE SHEET
DECEMBER 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and investments - unrestricted	\$ 653,962	\$ -	\$ -	\$ 653,962
Cash and investments - restricted	-	1,790,616	-	1,790,616
Receivable with county treasurer	1,681	13,741	-	15,422
Property taxes receivable	216,781	1,771,977	-	1,988,758
Due from other funds	-	1,914	-	1,914
Closing deposit	-	19,000	-	19,000
Prepaid items	775	-	-	775
Total Assets	<u>\$ 873,199</u>	<u>\$ 3,597,248</u>	<u>\$ -</u>	<u>\$ 4,470,447</u>
<u>Liabilities, deferred inflows of resources and fund balance</u>				
Liabilities:				
Accounts payable	\$ 35,592	\$ 54	\$ -	\$ 35,646
Due to other governments	9,326	-	-	9,326
Due to other funds	-	-	1,914	1,914
Total Liabilities	<u>44,918</u>	<u>54</u>	<u>1,914</u>	<u>46,886</u>
<u>Deferred inflows of resources</u>				
Unavailable property taxes	216,781	1,771,977	-	1,988,758
Total Deferred Inflows of Resources	<u>216,781</u>	<u>1,771,977</u>	<u>-</u>	<u>1,988,758</u>
Fund balance:				
Nonspendable				
Prepaid items	775	-	-	775
Deposits	-	19,000	-	19,000
Restricted				
Emergencies	10,795	-	-	10,795
Debt service	-	1,806,217	-	1,806,217
Assigned				
Subsequent year's budget appropriation	34,264	-	-	34,264
Unassigned	565,666	-	(1,914)	563,752
Total Fund Balances	<u>611,500</u>	<u>1,825,217</u>	<u>(1,914)</u>	<u>2,434,803</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 873,199</u>	<u>\$ 3,597,248</u>	<u>\$ -</u>	<u>\$ 4,470,447</u>

The accompanying notes are an integral part of the financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balance, governmental funds:	\$ 2,434,803
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	1,697,736
Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Bonds payable	(23,655,000)
Accrued interest	(76,287)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Loss on refunding	826,886
Total net position of governmental activities	<u>\$ (18,771,862)</u>

The accompanying notes are an integral part of the financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Taxes:				
Property taxes	\$ 202,407	\$ 1,654,534	\$ -	\$ 1,856,941
Specific ownership taxes	16,648	136,113	-	152,761
Earnings on investments	551	4,114	-	4,665
Total revenues	<u>219,606</u>	<u>1,794,761</u>	<u>-</u>	<u>2,014,367</u>
<u>Expenditures</u>				
Current:				
Audit	14,400	-	-	14,400
Consulting	458	-	-	458
County treasury fees	3,044	24,870	-	27,914
Director's fees	3,100	-	-	3,100
District management and accounting	22,117	-	-	22,117
Dues and subscriptions	459	-	-	459
Fees and licenses	919	-	-	919
Insurance and bonds	4,714	-	-	4,714
Legal	31,181	-	-	31,181
Repairs and maintenance	88,033	-	-	88,033
Support services	24,971	-	-	24,971
Utilities	8,059	-	-	8,059
Other expenditures	28	-	-	28
Debt service:				
Principal	-	370,000	-	370,000
Interest and fiscal charges	-	929,892	-	929,892
Total expenditures	<u>201,483</u>	<u>1,324,762</u>	<u>-</u>	<u>1,526,245</u>
Net change in fund balances	18,123	469,999	-	488,122
Fund balances - beginning	593,377	1,355,218	(1,914)	1,946,681
Fund balances - ending	<u>\$ 611,500</u>	<u>\$ 1,825,217</u>	<u>\$ (1,914)</u>	<u>\$ 2,434,803</u>

The accompanying notes are an integral part of the financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net change in fund balance - total governmental funds: \$ 488,122

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

Capital outlays to purchase or construct capital assets are reported in governmental fund as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Depreciation expense (104,799)

The issuance of long-term debt provides current financial resources to fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position.

Principal payments 370,000

Governmental fund report the effect of premiums, discounts, and similar items when debt is first issued, were as these amounts are deferred and amortized in the statement of activities.

Amortization of loss on refunding (140,517)

Some expenses in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental fund.

Change in accrued interest 1,194
Dedication of capital assets to other governments (4,662,941)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. The (increases) decreases in these activities consist of:

IGA expenses (242,643)

Change in net position of governmental activities \$ (4,291,584)

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

	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<u>Revenues</u>			
Taxes:			
Property taxes	\$ 200,152	\$ 202,407	\$ 2,255
Specific ownership taxes	12,009	16,648	4,639
Earnings on investments	3,000	551	(2,449)
Other revenue	250	-	(250)
Total revenues	<u>215,411</u>	<u>219,606</u>	<u>4,195</u>
<u>Expenditures</u>			
Current:			
Audit	4,600	14,400	(9,800)
Consulting	-	458	(458)
County treasury fees	3,002	3,044	(42)
Director's fees	3,100	3,100	-
District management and accounting	44,000	22,117	21,883
Dues and subscriptions	2,000	459	1,541
Engineering	10,000	-	10,000
Fees and licenses	500	919	(419)
Insurance and bonds	7,500	4,714	2,786
Legal	30,000	31,181	(1,181)
Repairs and maintenance	90,000	88,033	1,967
Support services	15,000	24,971	(9,971)
Utilities	1,000	8,059	(7,059)
Other expenditures	2,000	28	1,972
Contingency reserve	6,800	-	6,800
Total expenditures	<u>219,502</u>	<u>201,483</u>	<u>18,019</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,091)	18,123	22,214
<u>Other Financing Sources</u>			
Transfers in	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	5,909	18,123	12,214
Fund balances - beginning	<u>593,377</u>	<u>593,377</u>	<u>-</u>
Fund balances - ending	<u>\$ 599,286</u>	<u>\$ 611,500</u>	<u>\$ 12,214</u>

The accompanying notes are an integral part of the financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY

Bromley Park Metropolitan District No. 3 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on April 23, 1985 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado, entirely within the City of Brighton (City). The District is one of six contiguous districts: South Beebe Draw Metropolitan District, Bromley Park Metropolitan District Nos. 2, 3, 5 and 6 and Brighton Crossing Metropolitan District No. 4 (the Districts, or SBD, BPMD Nos. 2, 3, 5, 6 and BC, respectively). SBD, BPMD No. 2, the District, and BC are participants in the Annexation Agreement, as amended, between the City and the then current developer of the majority of the property within the Districts, BPK Holdings, LLC, (BPK). BPMD Nos. 5 and 6 were formed in 2000, and both BPMD Nos. 5 and 6, with the exception of a few parcels, are mostly located within the City. BPMD Nos. 5 and 6 are participating in the Annexation Agreement, as amended.

Pursuant to the Intergovernmental Agreement Regarding Sales and Use taxes (Sales and Use Tax IGA) entered into on August 4, 1995, between BPK, SBD, BPMD No. 2, the District and BC, SBD was designated by BPK to receive and administer all sales and use taxes remitted under the Annexation Agreement, as amended, by the City and to apply the receipts to the common benefit of BPMD No. 2, the District and BC, and later, under separate agreements, to the benefit of BPMD Nos. 5 and 6 and Adams East Metropolitan District (Adams East) as revenue pledged for debt service on bonds which funded improvements within those districts and benefitted all Districts. The property within the boundaries of BPMD Nos. 5 and 6 and Adams East is within the boundaries of the property described in the Annexation Agreement, as amended.

The District was established principally to provide water, sanitary sewer and storm drainage services, and to provide for the construction, installation, financing, operation and maintenance of streets, park and recreation, mosquito control, transportation and television relay systems and improvements to areas within and without the boundaries of the District.

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

SBD, BPMD No. 2, the District, and BC entered into an Inter-district Regional Facilities Intergovernmental Agreement (Inter-district IGA, as amended) on March 21, 2000, to expand the responsibilities of SBD to include coordination of construction, operation, and maintenance of regional facilities with ownership retained by SBD and to provide for the funding of such regional facilities and infrastructure.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)

On July 21, 2004, the Inter-district IGA was amended by the First Amendment to Inter-district Regional Facilities Intergovernmental Agreement between SBD, BPMD No. 2, the District and BC, which consented to the reimbursement of certain infrastructure improvement expenses incurred by BPMD No. 2 and BC. The Inter-district IGA was further amended on October 18, 2005 through the Agreement and Second Amendment to Inter-district Regional Facilities Intergovernmental Agreement for the purpose of addressing only those certain provisions concerning the sewer line connection fee to include BPMD Nos. 5 and 6 and Silver Peaks Metropolitan District Nos. 1-5 (SPMD Nos. 1-5) as they, along with BPMD No. 2, the District and BC, benefit from the improvement and extension of sewer lines to the Town of Lochbuie (Town) wastewater treatment plant (see Note 10). BPMD Nos. 5 and 6 and SPMD Nos. 1-5 were not made a party to all terms of the Inter-district IGA, as amended. Funding for the regional facilities and maintenance are from certain fees collected by BPMD Nos. 2, 3, 5 and 6, BC and SPMD Nos. 1-5 and transferred to SBD (see Note 8).

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

The District is not financially accountable for any other District organization (including SBD, BPMD Nos. 2, 5, 6, BC and Adams East), nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of the District. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds, notes and developer advances are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 other funds.

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

The *Capital Projects Fund* is used to account for the financial resources to be used for the acquisition and construction of infrastructure in conjunction with the bond financing terms.

Budgets

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Pooled Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments are reported at fair value.

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 account.

Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment earnings are allocated periodically to the participating funds based upon each fund’s average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include equipment and infrastructure assets (e.g. wells, storm drainage and similar items), are reported as a governmental activity in the government-wide financial statements. Such assets are recorded at acquisition value or estimated acquisition value if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. It is the District’s policy to capitalize those assets with a cost or value of \$5,000 or more.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District, with the exception of certain landscaping improvements (e.g. trees, sod, and similar items), are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Storm Drainage	40 years
Landscaping improvements	20-50 years
Park and recreation equipment	15-20 years

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Issuance Costs and Deferred Cost on Refunding

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, deferred costs on refunding are being amortized over the term of bonds using the straight-line method. For the year ending December 31, 2021, the amortization expense of the deferred costs on refunding was \$140,517.

Deferred Inflows of Resources

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

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact. The District has recorded nonspendable fund balance of \$775 in the General Fund related to prepaid items and \$19,000 in the Debt Service Fund related to deposits made prior to December 31, 2021.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The restricted fund balance in the General Fund in the amount of \$10,795 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$1,806,217 is to be used exclusively for debt service requirements (see Note 5).

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority. As of December 31, 2021, balance of \$34,264 is assigned for purposes of the subsequent year's budget appropriation.

Unassigned fund balance – amounts that are available for any purpose. As of December 31, 2021, the Capital Projects Fund had a deficit unassigned fund balance of \$1,914 as a result of amounts due to other funds at year end.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Fees

The District can impose certain system development and infrastructure fees on property within the District. The fees are required to be paid prior to the issuance of a building permit by the City. The District records the revenue when the fees are paid and received (see Note 8).

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying statement of net position as follows:

Cash and investments - unrestricted	\$ 653,962
Cash and investments - restricted	1,790,616
Total cash and investments	<u>\$ 2,444,578</u>

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

Deposits with financial institutions	\$ 1,194,498
Investments	1,250,080
Total cash and investments	<u>\$ 2,444,578</u>

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

At December 31, 2021, the District’s cash deposits had a bank balance of \$1,203,257.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, 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 for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Amount</u>
Colorado Local Government		
Liquid Asset Trust	Weighted average under 60 days	<u>\$ 1,250,080</u>

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

During 2021, the District invested in Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+.

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies.

A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

However, the District's investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include 2a7-like external investment pools. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with GASB guidance.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 – CAPITAL ASSETS

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

	Balances December, 31 2020	Additions	Deletions	Balances December, 31 2021
Governmental Activities:				
Capital Assets, not being depreciated				
Water rights	\$ 285,000	\$ -	\$ -	\$ 285,000
Landscaping and street improvements	4,662,941	-	4,662,941	-
Total capital assets, not being depreciated	<u>4,947,941</u>	<u>-</u>	<u>4,662,941</u>	<u>285,000</u>
Capital Assets, being depreciated				
Storm drainage	2,688,154	-	-	2,688,154
Landscaping improvements	1,051,003	-	-	1,051,003
Park and recreation equipment	99,821	-	-	99,821
Total capital assets, being depreciated	<u>3,838,978</u>	<u>-</u>	<u>-</u>	<u>3,838,978</u>
Accumulated depreciation				
Storm drainage	(1,293,957)	(67,204)	-	(1,361,161)
Landscaping and improvements	(927,665)	(37,595)	-	(965,260)
Park and recreation equipment	(99,821)	-	-	(99,821)
Total accumulated depreciation	<u>(2,321,443)</u>	<u>(104,799)</u>	<u>-</u>	<u>(2,426,242)</u>
Total capital assets, being depreciated, net	<u>1,517,535</u>	<u>(104,799)</u>	<u>-</u>	<u>1,412,736</u>
Government Capital Assets	<u>\$ 6,465,476</u>	<u>\$ (104,799)</u>	<u>\$ 4,662,941</u>	<u>\$ 1,697,736</u>

In accordance with the District’s service plan, it is anticipated that, except for certain park, landscaping and local storm drainage infrastructure improvements, the District will dedicate the improvements and facilities to the County or its designee. In the current year, \$4,662,941 of assets were conveyed to the City of Brighton.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Upon acceptance by the County or its designee for maintenance or ownership, the capital assets will be removed from the District’s property records. Depreciation expense is charged to the general government function/program in the Statement of Activities.

NOTE 5 – LONG-TERM OBLIGATIONS

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

	Balances December 31, 2020	Additions	Deletions	Balances December 31, 2021	Due In One Year
Series 2017, GO Bonds	\$ 24,025,000	\$ -	\$ 370,000	\$ 23,655,000	\$ 410,000
Total	\$ 24,025,000	\$ -	\$ 370,000	\$ 23,655,000	\$ 410,000

The detail of the District’s long-term obligations is as follows:

General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2017

On December 7, 2017, the District issued General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2017 (Series 2017 Bonds) in the principal amount of \$25,000,000. The Series 2017 bonds were issued for the purpose of (i) refund valid and outstanding bonded indebtedness of the District; (ii) finance the costs of acquisition, construction, installation and equipping of certain public improvements and facilities within and for the benefit of the District and (iii) pay costs in connection with the issuance of the Series 2017 Bonds.

The Series 2017 Bonds are secured by and payable solely from pledged revenue, which includes property taxes derived from the required mill levy, net of any costs of collection, specific ownership taxes, net of any costs of collection and any other legally available monies of the District credited to the Bond Fund. The Series 2017 Bonds are also secured by amounts held by the trustee in the reserve fund. The required reserve fund amount is \$1,250,000. As of December 31, 2021, the balance of the reserve fund was \$1,250,080.

The Series 2017 Bonds bear interest, payable semi-annually on June 1 and December 1, of 3.87%. The payment of principal on the Series 2017 Bonds begins on December 1, 2018 and matures on December 1, 2027.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2017 Bonds are subject to mandatory sinking fund redemption prior to the maturity date, in part, upon payment of par and accrued interest, without redemption premium, in such manner as determined by the trustee.

Significant events of default under the Series 2017 Bonds include (i) failure to impose required mill levy or apply required pledged revenues, (ii) failure to meet financial or custodial agreement covenants and (iii) filing of a petition for bankruptcy.

Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the Series 2017 Bonds balance shall bear interest at the default rate of the sum of the fixed rate plus 3.0%.

Annual debt service requirements to maturity on the Series 2017 Bonds are as follows:

Year ended December 31,	Principal	Interest	Total
2022	\$ 410,000	\$ 915,449	\$ 1,325,449
2023	425,000	899,582	1,324,582
2024	465,000	883,134	1,348,134
2025	485,000	865,139	1,350,139
2026	530,000	846,369	1,376,369
2027	21,340,000	825,857	22,165,857
Total	<u>\$ 23,655,000</u>	<u>\$ 5,235,530</u>	<u>\$ 28,890,530</u>

Advance and Reimbursement Agreement - The Bromley Companies

The District entered into an advance and reimbursement agreement with The Bromley Companies on January 1, 2018. The agreement stipulates that the District shall reimburse The Bromley Companies for any advances made to the District, together with interest at the rate of 7.5% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. At December 31, 2021, the District had no outstanding advances under this agreement. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 8, 1994 and November 4, 1997, a majority of the eligible electors of the District authorized the issuance of indebtedness in an amount not to exceed \$86,540,956 at an interest rate not to exceed 15% per annum.

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

	Total Authorized	Remaining at December 31, 2021
Street improvements	\$ 17,000,000	\$ 8,864,097
Park and recreation facilities	2,000,000	1,924,753
Water supply improvements	3,750,000	2,431,573
Sanitary sewer system/storm drainage	4,500,000	2,940,139
Television relay	2,000,000	2,000,000
Mosquito control	500,000	500,000
Public transportation	4,000,000	4,000,000
Operations and maintenance	1,250,000	1,217,770
Debt refunding	35,000,000	29,337,408
Total	\$ 70,000,000	\$ 53,215,740

NOTE 6 – NET POSITION

The District’s net position consists of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets that are recorded by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2021, the District had a deficit net investment in capital assets in the amount of \$2,149,247.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District’s restricted net position at December 31, 2021, consists of \$10,795 for emergency reserves and \$1,729,930 for debt service.

As of December 31, 2021, the District had an unrestricted deficit of \$18,363,340 and a deficit total net position of \$18,771,862.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – NET POSITION (CONTINUED)

This deficit amount is the result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities.

NOTE 7 – RELATED PARTIES

The members of the Board of Directors of the District, SBD, BPMD No. 5 and BPMD No. 6 are employees of, owners of, or otherwise associated with BPK, and/or the Bromley Companies, and/or Bromley Park Industrial Land Company, LLC, and/or RAL Holdings, LLC, (referred to herein as the Affiliates) and may have conflicts of interest in dealing with the District. BPK is the current owner of part of the property previously owned in the District by Bromley Park Associates, Ltd. Specific details of transactions with the Affiliates regarding organization, advances, and debt are described elsewhere in these notes.

NOTE 8 – INTERGOVERNMENTAL AGREEMENTS

The agreements listed below relate to one or more of the Districts and are not all-inclusive.

Cost Sharing Intergovernmental Agreement

Effective January 1, 2019, the District and Adams East entered into a Cost Sharing Intergovernmental Agreement (CSIA) to designate funds and allocate responsibilities for the financing and construction of public improvements for certain projects to provide efficiencies of scale and cost by collaborating and sharing costs for those certain projects.

Under the CSIA, the District and Adams East will append a project statement of work as an exhibit to the CSIA. The exhibit shall be mutually agreed-upon by both districts and duly approved and executed as of the date of such agreement.

The CSIA renews on a calendar-year basis unless either the District or Adams East provides a notice of intent to terminate by October 1 of the current contract year. Neither party provided a notice of intent to terminate during the 2021 calendar year, so the CSIA automatically renewed for one year beginning January 1, 2022.

During the year ended December 31, 2019, the District and Adams East entered into one such project for approximately \$3 million for a mixed use (commercial and residential) development with approximately 66% of the costs of the project allocated to the District and approximately 34% of the costs of the project allocated to Adams East. The project was complete and conveyed to another government during the year ended December 31, 2021. See Note 4 for additional information.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

City of Brighton

Pursuant to (1) the Annexation Agreement, as amended by the First, Second, Third and Fourth Amendments, among BPK, the City, SBD, BPMD No. 2, the District and BC, (2) Agreement 2, among BPK, the City, Adams County, SBD, BPMD No. 2, BPMD

No. 3 and BC, and (3) the Inter-District IGA, as amended, among SBD, BPMD No. 2, the District, and BC (see Note 1), the parties have the following mutual responsibilities:

In general, the Districts and BPK or assignees are to install improvements and transfer the installed facilities, except for certain specified improvements, to the City for ownership, maintenance, and operation.

Streets - Bromley Lane was improved by funding from the City, BPK and the Districts. The City is to reimburse BPK for certain sections over a five-year period or require landowners to pay their pro rata share plus interest to the Districts when annexed to the City. The Districts are to pay for their certain sections when development dictates. In 2001 BC transferred the responsibility to plant and maintain the medians to BPMD No. 5.

Danube Street (or of such other designation as it may be re-named at the option of the City) is to be developed and installed, but if completed by BPK or the Districts, the City will reimburse the Districts for a portion of the costs incurred. The Districts agree to perform street reconstruction and asphalt overlays on all streets as requested from the City as long as the sales and use taxes are remitted by the City. Other streets are to be constructed by the Districts and transferred to the City for perpetual maintenance.

Water - On May 28, 1996, a third amendment to the Annexation Agreement was completed which stipulated that the City would provide water service to the Bromley Park Property to full development as determined under the Phase Master Plans under certain conditions.

Of the City's water plant investment fee, \$300 is paid to or retained by SBD. In consideration of BPK (assigned the role of annexor in the Annexation Agreement) designing all irrigation systems after December 8, 1998, so that they are capable of being converted to a non-potable water system, the City will provide water taps for certain public areas at no charge.

Sewer - The City is to provide sewage collection and treatment capacity to the full development of the BPK Property (also referred to as the Bromley Park Property). Pursuant to the fourth amendment to the Annexation Agreement, approved by the City on October 21, 1997 and entered into on November 4, 1997, the City has fulfilled its

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

obligation to provide wastewater treatment facilities for the property draining into the Beebe Draw Basin by entering into the Beebe Draw Wastewater Agreement between the Town, SBD, BPMD No. 2, the District and BC dated November 4, 1997. The Town is the Wastewater Management Agency for the Beebe Draw Service Area. The Beebe Draw Wastewater Services Agreement was amended on August 14, 2009 (see below).

Pursuant to the terms of the Inter-District IGA, as amended, the District was designated as the entity to coordinate the financing, planning, construction, ownership and maintenance of certain infrastructure including sewer for the Districts (see Note 1).

The City remains obligated to provide transmission and treatment service to the BPK Property draining into the South Platte Basin. SBD or BPK is obligated to install, at its expense, all sanitary sewer collection and transmission lines and facilities as stipulated in the Sanitary Sewer Master Plan regardless of drainage basin.

Storm Drainage – Pursuant to the second amendment to Annexation Agreement approved on November 11, 1994, and in consideration of BPK’s payment of storm drainage fees, the City agreed to provide all offsite storm drainage improvements for the BPK Property. The third amendment to the Annexation Agreement entered into on May 28, 1996, provided for the ability of SBD, BPMD No. 2, the District and BC to undertake offsite storm drainage activities for property in the Beebe Draw Basin which would include being solely responsible for all offsite drainage for the Bromley Park Property within their boundaries (which is within the Beebe Draw Basin). In such event, (1) SBD, BPMD No. 2, the District and BC would pay for offsite improvements, (2) the City would forego collecting drainage fees and reimbursement, and (3) the drainage fees, as may be appropriate, would be collected by SBD, BPMD No. 2, the District and BC. As part of this undertaking, SBD, BPMD No. 2, the District and BC entered into the Inter-District IGA, as amended, for the purpose of designating SBD to coordinate the financing, planning, construction, ownership and maintenance of certain infrastructure including storm drainage (see Note 1). The Districts and/or BPK are to construct all onsite storm drainage improvements.

Sales and Use Tax - Until the earlier of December 16, 2026, or the repayment of the Districts’ outstanding debt related to the funding of facilities and services within the Districts’ service area, the City agrees to remit annually one third (1/3) of the sales and use taxes (excluding the .75% recreation sales and use tax) generated and collected within the Bromley Park Property (as defined in the second amendment to Annexation Agreement) to SBD. The Sales and Use Tax IGA and the Inter-district IGA, as amended, allow for the sharing of this revenue among SBD, BPMD No. 2, the District and BC. Pursuant to the Sales and Use Tax IGA, the use of funds is determined by the Board of Directors of SBD (See Note 1). In accordance with this provision, the Board of Directors of SBD opted to retain the taxes generated by the District.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Beebe Draw Wastewater Service Agreement

On November 4, 1997, SBD, BPMD No. 2, the District, and BC entered into the Beebe Draw Wastewater Services Agreement with the City and the Town to provide a comprehensive program to finance, design, construct, acquire, operate, maintain, and use wastewater treatment and discharge facilities serving properties within the Beebe Draw drainage basin. This agreement was amended on August 14, 2009, by the First Amended and Restated Beebe Draw Wastewater Service Agreement (2009 WSA) between the City, the Town and SBD. The terms of the 2009 WSA amended and restated the 1997 agreement in its entirety, redefined the Beebe Draw Service Area, addressed future annexations east of Interstate 76, redirected certain services to the City, outlined conditions for expansion of the treatment plant, provided general rules for wastewater treatment service, established provisions for capital funding using Plant Investment Fees (PIFs) and operation and maintenance funding, provided for the Lochbuie Sewer Board, outlined specific terms for the construction of additional infrastructure within the Town or City by SBD (which is not anticipated) and provided for rates and charges to be imposed and collected. SBD is responsible for constructing and financing certain sewer lines and receives fees from all areas served by the lines, including property within the District. PIFs are due for connections to the sewer system for treatment facilities within the corporate limits of the Town to be paid directly by builders to the Town. Future expansion of the facilities will be coordinated under the terms of this agreement.

Further, under the agreement, the City and Town are to collect and remit to SBD certain fees equal to the greater of \$1,301.60 or 40% of the applicable PIF imposed by the Town for a sewer tap connection. SBD's sewer line connection fee at December 31, 2021, was \$1,301.60.

System Development, Infrastructure Fees and Infrastructure Support Fees

The District can impose certain system development and infrastructure fees on property within the District. As of December 31, 2021, the fees that the District can impose per single-family equivalent are as follows:

System development fee - \$2,345.94 per unit
Infrastructure fee - \$2,043.10 per unit depending upon type of unit

In addition, the District imposes system development fees for commercial, office and industrial property at \$0.88, \$0.72, and \$0.35 per square foot of gross building area, respectively.

On February 10, 2011, the District's Board of Directors adopted a resolution authorizing the imposition of an infrastructure support fee.

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

The fee is due and payable each year on the first day of August until a certificate of occupancy is issued for the lot.

The fee shall be imposed but waived on a dollar-for-dollar basis to the extent that the owner of such undeveloped lot provides any developer advances to the District from August 2 of the year immediately preceding the imposition of the infrastructure support fee to August 1 of the year the infrastructure support fee is imposed. The District has determined that the fee is not required for fiscal year 2021 and will not be required until such time as the joint fee resolution is amended to impose an infrastructure support fee.

NOTE 9 – 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.

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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 10 – TAX, SPENDING, AND DEBT LIMITATIONS

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

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 District's eligible electors approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service).

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District's management believes it is in compliance with the provisions of TABOR.

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

On November 8, 1994, a majority of the District's electors authorized the District to collect and spend or retain in reserve (1) taxes of \$500,000 annually up to 40.0 mills for District operations and maintenance, (2) taxes of \$28,222,100 annually without limitation of rate to pay the District's general obligation bonds or other obligations, (3) taxes of \$43,700,000 annually without limitation of rate to pay the District's obligations under an agreement with SBD, BPMD No. 2 and BC for joint financing of public improvements and (4) other revenue up to \$6,712,500 annually, all without regard to any spending, revenue-raising or other limitation imposed by TABOR.

NOTE 11 – SUBSEQUENT EVENT

Subsequent to December 31, 2021, the District issued \$37,000,000 of Limited General Obligation Bonds, Series 2022 dated February 24, 2022. The Series 2022 bonds were issued to refund the Limited Tax Refunding and Improvement Bonds, Series 2017 with an outstanding balance of \$23,655,000.

SUPPLEMENTAL INFORMATION

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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Taxes:			
Property taxes	\$ 1,636,051	\$ 1,654,534	\$ 18,483
Specific ownership taxes	98,163	136,113	37,950
Earnings on investments	-	4,114	4,114
Total revenues	<u>1,734,214</u>	<u>1,794,761</u>	<u>60,547</u>
<u>Expenditures</u>			
Current:			
County treasurer fees	24,541	24,870	(329)
Debt service:			
Principal	370,000	370,000	-
Interest and fiscal charges	934,768	929,892	4,876
Total expenditures	<u>1,329,309</u>	<u>1,324,762</u>	<u>4,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	404,905	469,999	65,094
<u>Other Financing Sources (Uses)</u>			
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	394,905	469,999	75,094
Fund balance - beginning	<u>1,355,218</u>	<u>1,355,218</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,750,123</u>	<u>\$ 1,825,217</u>	<u>\$ 75,094</u>

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Earnings on investments	\$ 10	\$ -	\$ (10)
Total revenues	<u>10</u>	<u>-</u>	<u>(10)</u>
 <u>Expenditures</u>			
Current:			
Capital outlay	400,000	-	400,000
Other expenditures	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>402,500</u>	<u>-</u>	<u>402,500</u>
 Net change in fund balance	 (402,490)	 -	 402,490
 Fund balance - beginning	 <u>(1,914)</u>	 <u>(1,914)</u>	 <u>-</u>
Fund balance - ending	<u>\$ (404,404)</u>	<u>\$ (1,914)</u>	<u>\$ 402,490</u>

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

OTHER INFORMATION

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

\$25,000,000 Series 2017
General Obligation Limited Tax (Convertible to Unlimited Tax)
Refunding and Improvement Bonds
Interest Rate of 3.87 percent
Payable on June 1 and December 1
Principal Due on December 1

Year ended December 31,	Principal	Interest	Total
2022	\$ 410,000	\$ 915,449	\$ 1,325,449
2023	425,000	899,582	1,324,582
2024	465,000	883,134	1,348,134
2025	485,000	865,139	1,350,139
2026	530,000	846,369	1,376,369
2027	21,340,000	825,857	22,165,857
Total	<u>\$ 23,655,000</u>	<u>\$ 5,235,530</u>	<u>\$ 28,890,530</u>

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

Year ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2003	\$ 9,870,080	38.000	\$ 375,063	\$ 374,780	99.92%
2004	13,418,360	43.680	586,114	586,391	100.05%
2005	14,956,240	44.180	660,767	660,679	99.99%
2006	16,978,410	46.368	787,255	786,901	99.96%
2007	19,486,600	46.368	903,555	900,003	99.61%
2008	19,673,690	46.368	912,230	911,117	99.88%
2009	20,278,230	46.368	940,261	930,131	98.92%
2010	18,803,580	55.000	1,034,197	1,024,206	99.03%
2011	18,842,060	54.932	1,035,032	1,023,787	98.91%
2012	17,709,350	54.932	972,810	990,457	101.81%
2013	17,701,230	54.932	972,364	963,093	99.05%
2014	16,982,300	54.932	932,872	923,603	99.01%
2015	17,022,750	54.932	935,094	955,906	102.23%
2016	21,070,780	54.932	1,157,460	1,157,200	99.98%
2017	21,096,830	54.932	1,158,891	1,158,849	100.00%
2018	26,407,730	60.622	1,600,889	1,600,646	99.98%
2019	26,394,580	60.622	1,600,092	1,592,139	99.50%
2020	30,211,030	60.622	1,831,453	1,802,962	98.44%
2021	30,289,390	60.622	1,836,203	1,856,941	101.13%
Estimated for the year ending December 31, 2022	\$ 32,805,890	60.858	1,996,500		

Note:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.