

Brighton Crossing Metropolitan District No. 6

Year Ended December 31, 2021
with
Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	1-3
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	6
Notes to Financial Statements	7-19
<u>Supplemental Information</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	22
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	23

Board of Directors
Brighton Crossing Metropolitan District No. 6
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brighton Crossing Metropolitan District No. 6 (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 Brighton Crossing Metropolitan District No. 6 as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Wipfli LLP
Lakewood, Colorado

September 27, 2022

Brighton Crossing Metropolitan District No. 6

Balance Sheet/Statement of Net Position Governmental Funds December 31, 2021

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	\$ 67,251	\$ -	\$ -	\$ 67,251	\$ -	\$ 67,251
Cash and investments - restricted	15,397	9,340,038	4,749,902	14,105,337	-	14,105,337
Receivable county treasurer	2	8	-	10	-	10
Property taxes receivable	19,614	98,069	-	117,683	-	117,683
Service fees receivable	17,815	23,950	-	41,765	-	41,765
Accounts receivable - other	-	-	3,950	3,950	-	3,950
Developer receivable	-	-	85,698	85,698	-	85,698
Due from other funds	85,698	-	-	85,698	(85,698)	-
Capital assets not being depreciated	-	-	-	-	27,815,106	27,815,106
Total Assets	<u>\$ 205,777</u>	<u>\$ 9,462,065</u>	<u>\$ 4,839,550</u>	<u>\$ 14,507,392</u>	<u>27,729,408</u>	<u>42,236,800</u>
LIABILITIES						
Accounts payable	\$ 12,631	\$ -	\$ -	\$ 12,631	-	12,631
Due to Brighton Crossings Operations Board	118,410	-	-	118,410	-	118,410
Due to other funds	-	-	85,698	85,698	(85,698)	-
Due to County	33,781	168,907	-	202,688	-	202,688
Accrued interest on bonds	-	-	-	-	181,542	181,542
Long-term liabilities:						
Due in more than one year	-	-	-	-	44,734,457	44,734,457
Total Liabilities	<u>164,822</u>	<u>168,907</u>	<u>85,698</u>	<u>419,427</u>	<u>44,830,301</u>	<u>45,249,728</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>19,614</u>	<u>98,069</u>	<u>-</u>	<u>117,683</u>	<u>-</u>	<u>117,683</u>
Total Deferred Inflows of Resources	<u>19,614</u>	<u>98,069</u>	<u>-</u>	<u>117,683</u>	<u>-</u>	<u>117,683</u>
FUND BALANCES						
Restricted:						
Emergencies	15,397	-	-	15,397	(15,397)	-
Debt service	-	9,195,089	-	9,195,089	(9,195,089)	-
Capital projects	-	-	4,753,852	4,753,852	(4,753,852)	-
Unassigned	<u>5,944</u>	<u>-</u>	<u>-</u>	<u>5,944</u>	<u>(5,944)</u>	<u>-</u>
Total Fund Balances	<u>21,341</u>	<u>9,195,089</u>	<u>4,753,852</u>	<u>13,970,282</u>	<u>(13,970,282)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 205,777</u>	<u>\$ 9,462,065</u>	<u>\$ 4,839,550</u>	<u>\$ 14,507,392</u>		
NET POSITION						
Net investment in capital assets					27,815,106	27,815,106
Restricted for:						
Emergencies					15,397	15,397
Debt service					9,013,547	9,013,547
Capital projects					4,753,852	4,753,852
Unrestricted					<u>(44,728,513)</u>	<u>(44,728,513)</u>
Total Net Position (Deficit)					<u>\$ (3,130,611)</u>	<u>\$ (3,130,611)</u>

(See Notes to Basic Financial Statements)

Brighton Crossing Metropolitan District No. 6

Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 28,640	\$ -	\$ -	\$ 28,640	\$ -	\$ 28,640
Engineering	-	-	26,628	26,628	-	26,628
District management/administration	33,720	-	-	33,720	-	33,720
Insurance	9,359	-	-	9,359	-	9,359
Legal	32,457	-	2,817	35,274	-	35,274
Miscellaneous	1,922	-	-	1,922	-	1,922
Paying agent fees	-	2,000	-	2,000	-	2,000
Bond interest	-	2,045,369	-	2,045,369	93,333	2,138,702
Developer advance interest	-	-	14,774	14,774	6,370	21,144
Capital improvements	-	-	2,530,763	2,530,763	(2,530,763)	-
Capital services	-	-	17,713	17,713	-	17,713
Transfer to Brighton Crossings Operations Board	403,790	-	-	403,790	-	403,790
Total Expenditures	<u>509,888</u>	<u>2,047,369</u>	<u>2,592,695</u>	<u>5,149,952</u>	<u>(2,431,060)</u>	<u>2,718,892</u>
PROGRAM REVENUES						
Service fees	<u>512,700</u>	<u>233,126</u>	<u>-</u>	<u>745,826</u>	<u>-</u>	<u>745,826</u>
Total Program Revenues	<u>512,700</u>	<u>233,126</u>	<u>-</u>	<u>745,826</u>	<u>-</u>	<u>745,826</u>
Net Program Income (Expense)	2,812	(1,814,243)	(2,592,695)	(4,404,126)	2,431,060	(1,973,066)
GENERAL REVENUES						
Property taxes	557	2,787	-	3,344	-	3,344
Specific ownership taxes	21	104	-	125	-	125
Interest	<u>-</u>	<u>5,089</u>	<u>3,501</u>	<u>8,590</u>	<u>-</u>	<u>8,590</u>
Total General Revenues	<u>578</u>	<u>7,980</u>	<u>3,501</u>	<u>12,059</u>	<u>-</u>	<u>12,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,390	(1,806,263)	(2,589,194)	(4,392,067)	2,431,060	(1,961,007)
OTHER FINANCING SOURCES (USES)						
Developer advances	-	-	2,617,993	2,617,993	(2,537,066)	80,927
Repay developer advances	-	-	(2,515,989)	(2,515,989)	2,515,989	-
Transfer (to) from other fund	<u>-</u>	<u>51,596</u>	<u>(51,596)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>51,596</u>	<u>50,408</u>	<u>102,004</u>	<u>(21,077)</u>	<u>80,927</u>
CHANGE IN FUND BALANCE	3,390	(1,754,667)	(2,538,786)	(4,290,063)	4,290,063	
CHANGE IN NET POSITION					(1,880,080)	(1,880,080)
FUND BALANCE/NET POSITION:						
BEGINNING OF YEAR	<u>17,951</u>	<u>10,949,756</u>	<u>7,292,638</u>	<u>18,260,345</u>	<u>(19,510,876)</u>	<u>(1,250,531)</u>
END OF YEAR	<u>\$ 21,341</u>	<u>\$ 9,195,089</u>	<u>\$ 4,753,852</u>	<u>\$ 13,970,282</u>	<u>\$ (17,100,893)</u>	<u>\$ (3,130,611)</u>

(See Notes to Basic Financial Statements)

Brighton Crossing Metropolitan District No. 6

Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
General Fund
Year Ended December 31, 2021

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 561	\$ 561	\$ 557	\$ (4)
Specific ownership taxes	36	36	21	(15)
Service fees	<u>391,716</u>	<u>391,716</u>	<u>512,700</u>	<u>120,984</u>
Total Revenues	<u>392,313</u>	<u>392,313</u>	<u>513,278</u>	<u>120,965</u>
EXPENDITURES				
Accounting and audit	31,200	31,200	28,640	2,560
District management/administration	33,720	33,720	33,720	-
Insurance	9,000	9,000	9,359	(359)
Legal	60,000	60,000	32,457	27,543
Miscellaneous	17,500	21,867	1,922	19,945
Treasurer's fees	8	8	-	8
Transfer to Brighton Crossings Operations Board	<u>240,587</u>	<u>240,587</u>	<u>403,790</u>	<u>(163,203)</u>
Total Expenditures	<u>392,015</u>	<u>396,382</u>	<u>509,888</u>	<u>(113,506)</u>
CHANGE IN FUND BALANCE	<u>298</u>	<u>(4,069)</u>	<u>3,390</u>	<u>7,459</u>
BEGINNING FUND BALANCE	<u>11,471</u>	<u>11,471</u>	<u>17,951</u>	<u>6,480</u>
ENDING FUND BALANCE	<u>\$ 11,769</u>	<u>\$ 7,402</u>	<u>\$ 21,341</u>	<u>\$ 13,939</u>

(See Notes to Basic Financial Statements)

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Brighton Crossing Metropolitan District No. 6 (the "District"), located in Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The Service Plan for Brighton Crossing Metropolitan District Nos. 5-8 (the "Original Service Plan") was approved by the City Council for the City of Brighton, Colorado (the "City") on September 19, 2017, and subsequently amended on July 7, 2020. The District is a quasi-municipal governmental entity governed by an elected Board of Directors with the power to impose property taxes and other fees and charges for services within its boundaries and is an independent unit of local government, separate and distinct from the City, within which the District is located. Pursuant to the Service Plan for Brighton Crossing Metropolitan District Nos. 5-8 (the "Districts"), the District has the ability to construct and finance major public improvements as well as additional amenities, including, but not limited to park and recreation, landscaping, water, drainage, wastewater and road improvements within its boundaries.

The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes, interest and service fee revenue. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

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

The District amended its total appropriations in the General Fund from \$392,015 to \$396,382. The final 2021 budget for the General Fund was exceeded. This may be a violation of state budget law.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government 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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Premium

Original issue premium from the Series 2020A Bonds are being amortized over the respective terms of the bonds using the effective interest rate method. Accumulated amortization of original issue premium amounted to \$37,775 with an unamortized balance of \$926,598 at December 31, 2021.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable fund balance

The nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: **Summary of Significant Accounting Policies (continued)**

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$15,397 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$9,195,089 is restricted for the payment of the Series 2020A Bonds (see Note 4) and includes bond proceeds held by the trustee as a "reserve requirement".

The restricted fund balance in the Capital Projects Fund in the amount of \$4,753,852 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported in the General Fund, and all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

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 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. 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.

The District has a deficit in unrestricted net position.

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.

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 67,251
Cash and investments - restricted	14,105,337
	<u>\$ 14,172,588</u>

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

Deposits with financial institutions	\$ 471,078
Investments - COLOTRUST	13,701,510
	<u>\$ 14,172,588</u>

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 2: Cash and Investments (continued)

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements Year Ended December 31, 2021

Note 2: Cash and Investments (continued)

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2021, the District had \$13,701,510 invested in COLOTRUST.

Note 3: Capital Assets

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
<u>Governmental Type Activities:</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 25,284,343	\$ 2,530,763	\$ -	\$ 27,815,106
Total capital assets not being depreciated	25,284,343	2,530,763	-	27,815,106
 Total net capital assets	 \$ 25,284,343	 \$ 2,530,763	 \$ -	 \$ 27,815,106

All capital assets are anticipated to be conveyed to Brighton Crossing Authority during 2022 per the provisions of the Establishment Agreement. The District will not be responsible for maintenance on these transferred assets.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 4: Long-Term Obligations

A description of the long-term obligations as of December 31, 2021, is as follows:

\$43,570,000 Limited Tax General Obligation Bonds, Series 2020A

On December 23, 2020, the District issued \$43,570,000 Limited Tax General Obligation Bonds, Series 2020A, ("Series 2020A Bonds") for the purpose of financing Public Improvements, repaying Brookfield Residential, LLC (the "Developer"), paying the cost of issuance of the Bonds and funding capitalized interest and a surplus fund. The proceeds from the sale of the Series 2020A Bonds included a premium amount of \$964,373 which is being amortized over the life of the bond.

The Series 2020A Bonds bear an interest rate of 5.0%, payable semiannually on each June 1 and December 1, commencing on June 1, 2021. The Series 2020A Bonds have annual mandatory sinking fund principal payments due on December 1, beginning on December 1, 2028. The term bonds mature on December 1, 2035, December 1, 2040 and December 1, 2050 respectively.

The Series 2020A Bonds are secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available moneys as determined by the District. The Series 2020A Bonds are also secured by the Surplus Fund.

Public Improvements Acquisition and Reimbursement Agreement (Capital Costs)

On June 29, 2020, the District entered into a Public Improvements Acquisition and Reimbursement Agreement ("Agreement") by and between the District and the Developer. The District agreed to reimburse the Developer for District Eligible Costs, together with interest thereon. The obligations to reimburse for District Eligible Costs do not constitute multiple fiscal year financial obligations of the District and are subject to annual appropriation by the District. The accepted District Eligible Costs bear interest at a rate of 6.5% per annum from the date of the District's acceptance. The District Eligible Costs are to be repaid using any legally available revenues, including bond proceeds. As of December 31, 2021, the District had outstanding capital advances totaling \$125,253 and accrued interest due of \$178.

Funding and Reimbursement Agreement (Operations and Maintenance Costs)

A Funding and Reimbursement Agreement was entered into as of June 11, 2019 by and between the District and the Developer. In accordance with the agreement, the Developer agrees to loan to the District an amount of money not to exceed \$100,000. The parties may also increase the loan amount by execution of a supplement to the agreement. The District intends to repay any advances made under this agreement from the proceeds of any revenues determined by the District to be available thereof. This agreement is not considered to be a long-term debt of the District. The indebtedness bears interest at 6.5% per annum. The amounts due are payable from any available revenue but the property tax mill levy is limited to 50 mills. This agreement terminated on December 31, 2020 with all outstanding balances remaining due to the Developer. As of December 31, 2021, the District had outstanding operating advances totaling \$97,541 and accrued interest due of \$14,887.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements Year Ended December 31, 2021

Note 4: Long-Term Obligations (continued)

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020A Bond.

	Principal	Interest	Total
2022	-	\$ 2,178,500	\$ 2,178,500
2023	-	2,178,500	2,178,500
2024	-	2,178,500	2,178,500
2025	-	2,178,500	2,178,500
2026	-	2,178,500	2,178,500
2027-2031	1,295,000	10,813,500	12,108,500
2032-2036	3,955,000	10,232,500	14,187,500
2037-2041	7,390,000	8,923,250	16,313,250
2042-2046	12,375,000	6,609,250	18,984,250
2047	18,555,000	2,700,250	21,255,250
	<u>\$ 43,570,000</u>	<u>\$ 50,171,250</u>	<u>\$ 93,741,250</u>

An analysis of changes in long-term obligations for the year ending December 31, 2021, follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
Bonds:					
Series 2020A	\$ 43,570,000	\$ -	\$ -	\$ 43,570,000	\$ -
Premium on Series 2020A	964,373	-	37,775	926,598	-
Developer advances:					
Capital principal	104,176	2,537,066	2,515,989	125,253	-
Capital interest	148	14,804	14,774	178	-
Operations - principal	97,541	-	-	97,541	-
Operations - interest	8,547	6,340	-	14,887	-
Total	<u>\$ 44,744,785</u>	<u>\$ 2,558,210</u>	<u>\$ 2,568,538</u>	<u>\$ 44,734,457</u>	<u>\$ -</u>

Debt Authorization

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,560,000,000, at an interest rate not to exceed 15% per annum. As of December 31, 2021, the District had remaining voted debt authorization of approximately \$1,516,430,000. The District has not budgeted to issue new debt during 2022.

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 5: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: Intergovernmental Agreements

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

Brighton Crossings Authority Establishment Agreement

Brighton Crossing Metropolitan District Nos. 5-8 have been formed on adjacent property within the Brighton Crossings development, and each has the ability to provide similar services on behalf of their respective residents and taxpayers. In an effort to simplify the overall governance structure within the community, each of the Brighton Crossing Metropolitan District Nos. 5-8, together with Brighton Crossing Metropolitan District No. 4, entered into a Brighton Crossings Authority Establishment Agreement on April 15, 2019, to oversee the operation and maintenance of various public improvements and provide covenant enforcement services on behalf of the entirety of Brighton Crossings. Use of an Authority will allow for a single entity to provide consistent services throughout the Brighton Crossings community, as well as realize certain cost savings which each individual district would be unable to obtain directly. On June 11, 2019, the Board of the Authority approved a first amendment to the Brighton Crossings Authority Establishment Agreement. This amendment changed the name of the Authority to "Brighton Crossings Operations Board." The Authority currently owns, operates and maintains various public improvements, and provides covenant enforcement and design review services on behalf of its residents and taxpayers.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts property and Liability Pool (the "Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Brighton Crossing Metropolitan District No. 6

Notes to Basic Financial Statements
Year Ended December 31, 2021

Note 8: Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

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

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable, accrued bond interest payable, developer advance payable, accrued developer advance interest, deferred loss on refunding, and other bond related liabilities are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held in construction in progress pending transfer to another governmental entity or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities; and,
- 3) governmental funds report developer advances as income, however, in the government-wide financial statements, they are reported as changes in long-term liabilities.

SUPPLEMENTAL INFORMATION

Brighton Crossing Metropolitan District No. 6

Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
Debt Service Fund
Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 2,806	\$ 2,787	\$ (19)
Specific ownership taxes	182	104	(78)
Service fees	446,589	233,126	(213,463)
Interest	<u>125,000</u>	<u>5,089</u>	<u>(119,911)</u>
Total Revenues	<u>574,577</u>	<u>241,106</u>	<u>(333,471)</u>
EXPENDITURES			
Bond interest	2,366,400	2,045,369	321,031
Paying agent fees	8,000	2,000	6,000
Treasurer's fees	<u>42</u>	<u>-</u>	<u>42</u>
Total Expenditures	<u>2,374,442</u>	<u>2,047,369</u>	<u>327,073</u>
OTHER SOURCES/(USES) OF FUNDS			
Transfer (to) from other fund	<u>-</u>	<u>51,596</u>	<u>51,596</u>
NET OTHER SOURCES/(USES) OF FUNDS	<u>-</u>	<u>51,596</u>	<u>51,596</u>
CHANGE IN FUND BALANCE	<u>(1,799,865)</u>	<u>(1,754,667)</u>	<u>45,198</u>
BEGINNING FUND BALANCE	<u>11,457,872</u>	<u>10,949,756</u>	<u>(508,116)</u>
ENDING FUND BALANCE	<u>\$ 9,658,007</u>	<u>\$ 9,195,089</u>	<u>\$ (462,918)</u>

Brighton Crossing Metropolitan District No. 6

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Capital Projects Fund Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ -	\$ 3,501	\$ 3,501
Total Revenues	-	3,501	3,501
EXPENDITURES			
Engineering	50,000	26,628	23,372
Legal	50,000	2,817	47,183
Capital reserve study	25,000	-	25,000
Capital improvements	12,870,777	2,530,763	10,340,014
Developer advance interest	-	14,774	(14,774)
Capital services	50,000	17,713	32,287
Contingency	1,000,000	-	1,000,000
Total Expenditures	14,045,777	2,592,695	11,453,082
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
Expenditures and other uses	(14,045,777)	(2,589,194)	11,456,583
OTHER FINANCING SOURCES (USES)			
Developer advances	14,045,777	2,617,993	(11,427,784)
Repay developer advances	-	(2,515,989)	(2,515,989)
Transfer (to) from other fund	-	(51,596)	(51,596)
NET OTHER SOURCES OF FUNDS	14,045,777	50,408	(13,995,369)
CHANGE IN FUND BALANCE	-	(2,538,786)	(2,538,786)
BEGINNING FUND BALANCE	-	7,292,638	7,292,638
ENDING FUND BALANCE	\$ -	\$ 4,753,852	\$ 4,753,852

Brighton Crossing Metropolitan District No. 6

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected Year Ended December 31, 2021

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property	Mills Levied		Total Property Tax		Percent Collected to Levied
	Tax Levy	General Fund	Debt Service	Levied	Collected	
2019	\$ 28,180	0.000	0.000	\$ -	\$ -	0.00%
2020	\$ 24,840	10.070	50.350	\$ 1,501	\$ 1,501	100.00%
2021	\$ 55,730	10.070	50.349	\$ 3,367	\$ 3,344	99.32%
Estimated for year ending December 31, 2022	\$ 1,947,740	10.070	50.350	117,683		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.