

BROMLEY PARK METROPOLITAN DISTRICT NO. 2

Adams and Weld Counties, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**BROMLEY PARK METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	32
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	33
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	35
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	37

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bromley Park Metropolitan District No. 2
Adams and Weld Counties, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bromley Park Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Parnters, LLC

Arvada, Colorado
September 27, 2024

BASIC FINANCIAL STATEMENTS

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 694,511
Cash and Investments - Restricted	7,593,943
Due from Developer	10,543
Receivable from County Treasurer	22,690
Prepaid Insurance	15,873
Property Tax Receivable	7,855,044
Capital Assets:	
Capital Assets Not Being Depreciated	6,302,266
Capital Assets Net of Depreciation	<u>2,201,108</u>
Total Assets	24,695,978
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized Bond Insurance	744,016
Cost of Refunding, Net	<u>1,544,622</u>
Total Deferred Outflows of Resources	2,288,638
LIABILITIES	
Accounts Payable	48,104
Easement Escrow Payable	7,191
Accrued Bond Interest	233,718
Noncurrent Liabilities:	
Due Within One Year	605,000
Due in More Than One Year	<u>55,358,089</u>
Total Liabilities	56,252,102
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>7,855,044</u>
Total Deferred Inflows of Resources	<u>7,855,044</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	(5,623,809)
Restricted for:	
Emergency Reserve	23,000
Debt Service	2,648,936
Capital Projects	4,953,061
Net Position - Unrestricted	<u>(39,123,718)</u>
Total Net Position	<u><u>\$ (37,122,530)</u></u>

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 471,881	\$ -	\$ 22,125	\$ 42,534	\$ (407,222)
Interest on Long-Term Debt and Related Costs	3,637,324	-	-	-	(3,637,324)
Total Governmental Activities	<u>\$ 4,109,205</u>	<u>\$ -</u>	<u>\$ 22,125</u>	<u>\$ 42,534</u>	<u>(4,044,546)</u>
GENERAL REVENUES					
Property Taxes					5,268,947
Specific Ownership Taxes					289,754
Interest Income					295,083
Total General Revenues					<u>5,853,784</u>
CHANGES IN NET POSITION					1,809,238
Net Position - Beginning of Year					<u>(38,931,768)</u>
NET POSITION - END OF YEAR					<u>\$ (37,122,530)</u>

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 684,883	\$ -	\$ 9,628	\$ 694,511
Cash and Investments - Restricted	23,000	2,629,103	4,941,840	7,593,943
Receivable from County Treasurer	2,857	19,833	-	22,690
Due from Developer	-	-	10,543	10,543
Prepaid Insurance	15,873	-	-	15,873
Property Tax Receivable	999,733	6,855,311	-	7,855,044
Total Assets	<u>\$ 1,726,346</u>	<u>\$ 9,504,247</u>	<u>\$ 4,962,011</u>	<u>\$ 16,192,604</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 39,154	\$ -	\$ 8,950	\$ 48,104
Easement Escrow Payable	7,191	-	-	7,191
Total Liabilities	<u>46,345</u>	<u>-</u>	<u>8,950</u>	<u>55,295</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	999,733	6,855,311	-	7,855,044
Total Deferred Inflows of Resources	<u>999,733</u>	<u>6,855,311</u>	<u>-</u>	<u>7,855,044</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expense	15,873	-	-	15,873
Restricted for:				
Emergency Reserves	23,000	-	-	23,000
Debt Service	-	2,648,936	-	2,648,936
Capital Projects	-	-	4,953,061	4,953,061
Unassigned	641,395	-	-	641,395
Total Fund Balances	<u>680,268</u>	<u>2,648,936</u>	<u>4,953,061</u>	<u>8,282,265</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,726,346</u>	<u>\$ 9,504,247</u>	<u>\$ 4,962,011</u>	

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 funds.

8,503,374

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Cost of Refunding, Net

1,544,622

Bond Insurance, Net

744,016

Unamortized Bond Discount

571,790

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

Accrued Interest

(233,718)

Bonds Payable

(55,680,000)

Unamortized Bond Premium

(854,879)

Net Position of Governmental Activities

\$ (37,122,530)

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 668,927	\$ 4,600,020	\$ -	\$ 5,268,947
Specific Ownership Taxes	36,488	253,266	-	289,754
Interest Income	36,706	221,833	36,545	295,084
Conservation Trust Fund Proceeds	22,125	-	-	22,125
Oil Lease	-	-	42,534	42,534
Total Revenues	764,246	5,075,119	79,079	5,918,444
EXPENDITURES				
Current:				
Accounting	54,959	-	313	55,272
Auditing	6,200	-	-	6,200
Banking Fees	-	21	-	21
County Treasurer's Fee	9,944	69,021	-	78,965
District Management	35,688	-	-	35,688
Dues and Membership	1,085	-	-	1,085
Election	9,501	-	-	9,501
Engineering	19,115	-	31,000	50,115
Insurance	14,755	-	-	14,755
Legal	54,652	-	-	54,652
Miscellaneous	1,489	-	-	1,489
Landscape Maintenance - District	29,745	-	-	29,745
Landscape Maintenance - HOA Brighton East Farms	37,865	-	-	37,865
Landscape Maintenance - Utilities	1,905	-	-	1,905
Landscape Maintenance - HOA Parkside at BEF	40,000	-	-	40,000
Detention Pond Maintenance	19,507	-	-	19,507
Water	19,206	-	-	19,206
Debt Service:				
Bond Interest - Series 2018A	-	1,099,400	-	1,099,400
Bond Principal - Series 2018A	-	575,000	-	575,000
Bond Issue Costs	-	448,988	-	448,988
Paying Agent Fees	-	10,500	-	10,500
Capital Projects:				
Capital Outlay	-	-	54,333	54,333
Total Expenditures	355,616	2,202,930	85,646	2,644,192
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	408,630	2,872,189	(6,567)	3,274,252
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	30,310,000	-	30,310,000
Bond Insurance Expense	-	(744,016)	-	(744,016)
Bond Discount	-	(571,790)	-	(571,790)
Refunding Escrow	-	(26,482,503)	-	(26,482,503)
Transfers to Other Fund	-	(4,950,000)	-	(4,950,000)
Transfers from Other Funds	-	-	4,950,000	4,950,000
Total Other Financing Sources (Uses)	-	(2,438,309)	4,950,000	2,511,691
NET CHANGE IN FUND BALANCES	408,630	433,880	4,943,433	5,785,943
Fund Balances - Beginning of Year	271,638	2,215,056	9,628	2,496,322
FUND BALANCES - END OF YEAR	<u>\$ 680,268</u>	<u>\$ 2,648,936</u>	<u>\$ 4,953,061</u>	<u>\$ 8,282,265</u>

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 5,785,943

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

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

Capital Outlay	54,333
Depreciation Expense	(84,931)

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

Bond Principal Payment Series 2018A	575,000
Bond Refunding Series 2018B	8,115,000
Bond Refunding Series 2018C	6,297,000
Bond Refunding Series 2018D	8,000,000
Bond Issuance Series 2023	(30,310,000)
Bond Insurance Series 2018	(254,662)
Bond Insurance Series 2023	744,016
Bond Discount Series 2023	571,790
Cost of Bond Refunding 2018	(1,301,172)
Cost of Bond Refunding 2023	1,544,622

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

Accrued Interest - Change in Liability	2,009,076
Amortization of Bond Premium Series 2018A	<u>63,223</u>

Changes in Net Position of Governmental Activities	<u><u>\$ 1,809,238</u></u>
--	----------------------------

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 663,465	\$ 668,927	\$ 5,462
Specific Ownership Taxes	43,025	36,488	(6,537)
Interest Income	4,000	36,706	32,706
Conservation Trust Fund Proceeds	15,000	22,125	7,125
Total Revenues	725,490	764,246	38,756
EXPENDITURES			
Accounting	60,000	54,959	5,041
Auditing	5,500	6,200	(700)
Banking Fees	100	-	100
County Treasurer's Fee	9,952	9,944	8
District Management	44,000	35,688	8,312
Dues and Membership	590	1,085	(495)
Election	5,000	9,501	(4,501)
Insurance	13,796	14,755	(959)
Landscaping	15,000	-	15,000
Legal	50,000	54,652	(4,652)
Landscape Maintenance - District	37,000	29,745	7,255
Landscape Maintenance - HOA Brighton East Farms	90,000	37,865	52,135
Landscape Maintenance - Utilities	1,500	1,905	(405)
Landscape Maintenance - HOA Parkside at BEF	40,000	40,000	-
Detention Pond Maintenance	10,000	19,507	(9,507)
Miscellaneous	1,000	1,489	(489)
Repairs and Maintenance	25,000	-	25,000
Contingency	562	-	562
Engineering	35,000	19,115	15,885
Water	36,000	19,206	16,794
Total Expenditures	480,000	355,616	124,384
NET CHANGE IN FUND BALANCE	245,490	408,630	163,140
Fund Balance - Beginning of Year	111,588	271,638	160,050
FUND BALANCE - END OF YEAR	<u>\$ 357,078</u>	<u>\$ 680,268</u>	<u>\$ 323,190</u>

See accompanying Notes to Basic Financial Statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Bromley Park Metropolitan District No. 2 (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County filed on April 23, 1985, and recorded with Adams County Clerk and Recorder on April 25, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Adams and Weld Counties, Colorado entirely within the City of Brighton (the "City"). The District is one of six contiguous districts, South Beebe Draw Metropolitan District (formerly Bromley Park Metropolitan District No. 1), Bromley Park Metropolitan Districts No. 2, 3, 5, 6 and Brighton Crossing Metropolitan District (formerly Bromley Park Metropolitan District No. 4) (collectively, the "Districts" or "SBDMD", "BPMD Nos. 2, 3, 5, or 6", and "BCMD"). The District and BCMD have unrelated Boards of Directors from the other Districts. SBDMD, BPMD Nos. 2-3 and BCMD were participants to the Annexation Agreement dated June 4, 1985, as amended (the "Annexation Agreement"), between the City and the prior developer of the majority of the property within the District (BPK Holdings, L.L.C., hereinafter referred to as BPK). BPMD Nos. 5 and 6 were formed in 2000 and it is anticipated that these districts will also participate in the Annexation Agreement. Since their creation, all of the Districts have restructured their boundaries by various inclusions and exclusions within the same general land area.

The District was established principally to provide water, sanitary sewer and storm drainage services and to provide construction, installation, financing and operation of streets, park and recreation, mosquito control, transportation and television relay systems and improvements in addition to the water, sanitary sewer and storm drainage improvements to areas within and outside the boundaries of the District.

On August 4, 1995, in the agreement regarding Designation of District for Remittance of Sales and Use Tax between BPK, SBDMD, BPMD Nos. 2-3 and BCMD, SBDMD was appointed by the parties thereto to receive all sales and use taxes remitted under the Annexation Agreement by the City and to apply the receipts to the common benefit of the Districts.

On March 21, 2000, SBDMD, BPMD Nos. 2-3 and BCMD entered into an Interdistrict Regional Facilities Intergovernmental Agreement, which expanded the responsibilities of SBDMD to include coordination of construction, operation and maintenance of regional facilities with ownership retained by SBDMD. Funding for the regional facilities will be generated from certain fees collected by BPMD Nos. 2-3 and BCMD and transferred to SBDMD.

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.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The District is not financially accountable for any other organization (including SBDMD, BPMD Nos. 3, 5, or 6, or BCMD), 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District'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 District has amended its annual budget for the year ended December 31, 2023.

Pooled Cash and Investments

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statements.

Property Taxes

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

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Streets	30 Years
Parks and Recreation	30 Years

Certain capital assets constructed by the District have been conveyed to other governmental entities or to the homeowners' association.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Bond Insurance and Original Issue Premium/Discount

In the government-wide financial statements, bond insurance, bond premiums, and bond discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, government fund types recognize bond insurance, bond premiums, and bond discounts during the current period. The face amount of debt issued is reported as other financing sources. Bond insurance, whether or not withheld from the actual debt proceed received, are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is amortized over the life of the deferred bonds using the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, bond insurance and cost on bond refunding, are deferred and recognized as an outflow of resources in the period that the amounts are incurred.

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

Equity

Net Position

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

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

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

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 694,511
Cash and Investments - Restricted	7,593,943
Total Cash and Investments	<u>\$ 8,288,454</u>

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 16,488
Investments	<u>8,271,966</u>
Total Cash and Investments	<u><u>\$ 8,288,454</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$16,488.

Investments

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

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

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	8,271,966
		<u>\$ 8,271,966</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust ("CSAFE," sometimes referred to herein as the "Trust"), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. 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 property for the year ended December 31, 2023, follows:

	Balance at December 31, 2022	Additions	Retirements	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being				
Depreciated:				
Storm Drainage	\$ 500,000	\$ -	\$ -	\$ 500,000
Construction in Progress	5,747,933	54,333	-	5,802,266
Total Capital Assets, Not Being Depreciated	6,247,933	54,333	-	6,302,266
Capital Assets, Being Depreciated:				
Parks & Recreation	942,774	-	-	942,774
Streets	1,605,136	-	-	1,605,136
Total Capital Assets, Being Depreciated	2,547,910	-	-	2,547,910
Less Accumulated Depreciation for:				
Parks & Recreation	96,897	31,426	-	128,323
Streets	164,974	53,505	-	218,479
Total Accumulated Depreciation	261,871	84,931	-	346,802
Total Capital Assets, Being Depreciated, Net	2,286,039	(84,931)	-	2,201,108
Governmental Activities Capital Assets, Net	<u>\$ 8,533,972</u>	<u>\$ (30,598)</u>	<u>\$ -</u>	<u>\$ 8,503,374</u>

Depreciation expense was charged to functions/programs of the District as follows:

General Government	<u>\$ 84,931</u>
--------------------	------------------

The majority of capital assets constructed by the District in previous years have been dedicated to other governments for ownership and maintenance. When the property is dedicated, the District removes the cost of construction from capital assets. The District will retain ownership of two storm drainage ponds and certain landscaping features.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
General Obligation Bonds					
Series 2018A	\$ 25,945,000	\$ -	\$ 575,000	\$ 25,370,000	\$ 605,000
Series 2023	-	30,310,000	-	30,310,000	-
Direct Borrowings and Direct Placements:					
Series 2018B	8,115,000	-	8,115,000	-	-
Series 2018C	6,297,000	-	6,297,000	-	-
Series 2018D	8,000,000	-	8,000,000	-	-
Accrued Interest					
Series 2018C	211,003	-	211,003	-	-
Series 2018D	1,918,619	-	1,918,619	-	-
Subtotal Bonds Payable	50,486,622	30,310,000	25,116,622	55,680,000	605,000
Bond Premium/Discount					
Bond Premium - Series 2018A	918,102	-	63,223	854,879	-
Bond Discount - Series 2023	-	(571,790)	-	(571,790)	-
Subtotal Bond Premium / Discount	918,102	(571,790)	63,223	283,089	-
Total Long-Term Obligations	\$ 51,404,724	\$ 29,738,210	\$ 25,179,845	\$ 55,963,089	\$ 605,000

The detail of the District's long-term obligation is as follows:

Series 2018 General Obligation Bonds

The Senior General Obligation Limited Tax Refunding Bonds, Series 2018A (the "Senior Bonds," and sometimes referred to herein as the "2018A Bonds"), the First Subordinate General Obligation Limited Tax Refunding Bonds, Series 2018B (the "First Subordinate Bonds," and sometimes referred to herein as the "2018B Bonds"), the Second Subordinate General Obligation Limited Tax Bonds, Series 2018C (the "Second Subordinate Bonds," and sometimes referred to herein as the "2018C Bonds"), and the Third Subordinate General Obligation Limited Tax Bonds, Series 2018D (the "Third Subordinate Bonds," and sometimes referred to herein as the "2018D Bonds") (collectively referred to as the "Bonds") were issued by the District on April 5, 2018, in the amounts of \$28,855,000, \$8,325,000, \$6,408,000 and \$8,000,000, respectively.

Proceeds from the sale of the Senior Bonds and the First Subordinate Bonds were used for the purposes of paying a portion of the costs of refunding all of the District's outstanding General Obligation Refunding Bonds, Series 2007, and the District's General Obligation Limited Tax Convertible Zero Coupon Bonds, Series 2007 (the "Series 2007 Bonds"). Only proceeds of the Senior Bonds were used to fund: (i) the Senior Reserve Fund; (ii) costs in connection with the issuance of the Senior Bonds; and (iii) certain costs in connection with the issuance of the First Subordinate Bonds. Only proceeds of the First Subordinate Bonds, together with District funds on hand, were used to fund: (i) the First Subordinate Reserve Fund and (ii) other costs in connection with the issuance of the First Subordinate Bonds.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2018 General Obligation Bonds (Continued)

The Second Subordinate Bonds were issued to reimburse Kings Co, LLC for the costs of certain public improvements which were costs incurred under the 2018 Advance and Reimbursement Agreement (as defined below) and which reimbursement rights were acquired by Kings Co, LLC pursuant to the Termination of the Capital Fee Reimbursement Agreement (see Note 7) and a portion of which are now reimbursable to Kings Co, LLC under the 2018 Advance and Reimbursement Agreement.

The Third Subordinate Bonds were issued to evidence the District's reimbursement obligation with respect to advances made or improvements to be constructed or caused to be constructed and expected to be made by Kings Co, LLC pursuant to the 2018 Advance and Reimbursement Agreement.

The Series 2018 First Subordinate, Second Subordinate and Third Subordinate Bonds were refunded with the issuance of the Series 2023 General Obligation Limited Tax Refunding Bonds on November 9, 2023.

2018A Senior Bonds

The Senior Bonds bear interest at rates ranging from 3.50% to 5.00% payable semi-annually on June 1 and December 1, which began on June 1, 2018. The Senior Bonds issued as serial bonds mature on December 1 of the years 2018 through 2023; thereafter, the Senior Bonds issued as term bonds have annual mandatory sinking fund principal payments due on December 1, commencing December 1, 2024. The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2028, and on any date thereafter, upon payment of principal and accrued interest, without redemption premium. The Senior Bonds mature on December 1, 2047.

Pursuant to the 2018A Bonds Senior Indenture of Trust (the "Senior Indenture"), the District has covenanted to impose a Senior Required Mill Levy (as defined in the Senior Indenture) each year in an amount sufficient to pay the Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund (as defined in the Senior Indenture) to the amount of the Required Senior Reserve (as defined in the Senior Indenture), but not in excess of 78.725 mills, as adjusted for any change in the method of calculating assessed valuation after the date of the Senior Indenture. The District levied 50.669 mills for collection in 2023.

The Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which were funded from proceeds of the Senior Bonds in the amount equal to the Required Senior Reserve Fund of \$839,575.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2018B First Subordinate Bonds

The First Subordinate Bonds bear interest at 6.375% payable annually on December 15, beginning on December 15, 2018. Annual mandatory sinking fund principal payments are due on December 15, beginning on December 15, 2018. The First Subordinate Bonds mature on December 15, 2047. As stated in the 2018B Bonds First Subordinate Indenture of Trust (the "First Subordinate Indenture"), the First Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a decreasing percentage.

Pursuant to the First Subordinate Indenture, a Subordinate Required Mill Levy (as defined in the First Subordinate Indenture) is imposed each year in an amount sufficient to pay the First Subordinate Bonds as they come due, and if necessary, an amount sufficient to replenish the First Subordinate Reserve Fund (as defined in the First Subordinate Indenture) to the amount of the Required First Subordinate Reserve (as defined in the First Subordinate Indenture), but (i) not in excess of 78.725 mills (as adjusted) less the amount of the Senior Required Mill Levy; and (ii) for so long as the first Subordinate Surplus Fund (as defined in the First Subordinate Indenture) is less than the Maximum First Subordinate Surplus Amount (as defined in the First Subordinate Indenture), not less than 78.725 mills (as adjusted) less the amount of the Senior Bond Mill Levy.

The First Subordinate Bonds are secured by amounts on deposit in the First Subordinate Reserve Fund, which was funded from proceeds of the First Subordinate Bonds in amounts equal to the Required First Subordinate Reserve Fund of \$459,687. The First Subordinate Indenture also provides that the First Subordinate Pledged Revenue that is not needed to pay debt service on the First Subordinate Bonds in any year will be deposited to and maintained in the First Subordinate Surplus Fund in an amount up to the Maximum First Subordinate Surplus Amount of \$832,500 for so long as any First Subordinate Bond is outstanding.

The First Subordinate Bonds were refunded on November 9, 2023, with the issuance of the 2023 Bonds.

2018C and 2018D Second and Third Subordinate Bonds

The Second Subordinate Bonds and the Third Subordinate Bonds bear interest at the rate of 7.85% per annum, payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Second and Third Subordinate Pledged Revenue (as defined in the Series 2018C and Series 2018D Bonds Indenture of Trust, (the "Second and Third Subordinate Indenture")), available, if any, and mature on December 15, 2047. The Second Subordinate Bonds and the Third Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Second Subordinate Bonds and the Third Subordinate Bonds compounds annually on each December 15.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2018C and 2018D Second and Third Subordinate Bonds (Continued)

Pursuant to the Second and Third Subordinate Indenture, the District has covenanted to impose a Second and Third Subordinate Required Mill Levy (as defined in the Second and Third Subordinate Indenture) each year in the amount of (i) not more than 78.725 mills less the amount of the Senior Bond Required Mill Levy and the First Subordinate Bond Required Mill Levy, or such lesser mill levy which will fund the Second Subordinate Bond Fund and the Third Subordinate Bond Fund in the amount of the Oil and Gas Revenue, and (ii) not less than 50 mills less the amount of the Senior Bond Required Mill Levy and the First Subordinate Required Mill Levy. It is the intent that if the amount of the Senior Bond Required Mill Levy and the First Subordinate Bond Required Mill Levy equals or exceeds 78.725 mills (as adjusted) in any year, the Second and Third Subordinate Required Mill Levy for that year shall be zero.

Pursuant to and as defined in the Second and Third Subordinate Indenture, the Oil and Gas Revenue is a dollar amount equal to the revenue which would be produced by an annual mill levy of 50 mills on taxable properties of the District which are assessed as oil and gas leaseholds and lands. It is the intent that the calculation of the foregoing amount: (i) shall be made on the basis of an assumed annual mill levy of 50 mills (as adjusted), regardless of whether the District's actual mill levy is equal to or higher or lower than such mill levy, and regardless of whether the calculated amount is actually available; and (ii) shall be on a cumulative annual basis so that if in any one year the amount available for credit is less than the full calculated amount, such deficiency shall be made up by subsequent credits of Second and Third Subordinate Pledged Revenue.

Pursuant to the 2018 Advance and Reimbursement Agreement, Kings Co, LLC agrees to advance the District up to \$2,500,000 (the "Maximum Revenue Advance Amount") for the District's construction related expenses associated with additional improvements, using debt service payments to be received by Kings Co, LLC (in its capacity as the owner of the Second Subordinate Bonds) from the District on the Second Subordinate Bonds, to the extent Second and Third Subordinate Pledged Revenue is available for the debt service payments. The parties also agreed that Kings Co, LLC may provide Future Advances in excess of the Maximum Revenue Advance Amount, up to a maximum amount of \$5,500,000, on a periodic basis as needed by the District for fiscal years 2018 through 2021.

Specifically, on each payment date for the Second Subordinate Bonds, any payment intended to be made by the District to Kings Co, LLC as payment for debt service on the Second Subordinate Bonds ("Second Subordinate Bond Payment(s)"), up to the Maximum Revenue Advance Amount, shall be immediately credited by UMB Bank, N.A., Denver, Colorado, as trustee (the "Trustee") to the Project Fund (as defined in the Second and Third Subordinate Indenture) associated with the Third Subordinate Bonds.

Any such Second Subordinate Bond Payment credited to the Project Fund shall be deemed an incremental issuance of the Third Subordinate Bonds in principal amounts equal to the dollar amount of each such Future Advance (the "Future Advance(s)," as defined in the Second and Third Subordinate Indenture). The District shall be entitled to retain any such Future Advances, which shall be utilized to fund improvements, and shall be repaid to Kings Co, LLC as a result of issuance of the Third Subordinate Bonds.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2018C and 2018D Second and Third Subordinate Bonds (Continued)

Once the District has received \$2,500,000 in advances under the 2018 Advance and Reimbursement Agreement, whether from Second Subordinate Bond Payment(s) or from Future Advances from Kings Co, LLC, the District shall release all future Second Subordinate Bond Payment(s) for payment directly to Kings Co, LLC or current owner of the Second Subordinate Bonds, pursuant to the 2018 Advance and Reimbursement Agreement, under the Second and Third Subordinate Indenture.

The Second Subordinate Bonds and the Third Subordinate Bonds were refunded on November 9, 2023, with the issuance of the 2023 Bonds.

Series 2018 Pledged Revenues

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue generally consisting of moneys derived by the District from the following sources, net of any costs of collection:

- (i) the Required Mill Levy;
- (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy;
- (iii) the Capital Fees, if any; and
- (iv) any other legally available moneys which the District determines to transfer to the Trustee for application as Pledged Revenue.

The Second and Third Subordinate Pledged Revenue also includes Oil and Gas Revenue (as defined in the Second and Third Subordinate Indenture).

Series 2023 General Obligation Limited Tax Refunding Bonds

The General Obligation Limited Tax Refunding Bonds, Series 2023 (the "2023 Bonds") were issued on November 9, 2023, in the amount of \$30,310,000 and were issued on parity with the 2018A Bonds. Proceeds from the sale of the 2023 Bonds were used to (i) pay or reimburse a portion of the costs of certain public improvements; (ii) fund a deposit to the Reserve Fund in the amount of the \$1,470,453; (iii) purchase a municipal bond insurance policy; and (iv) pay the costs of refunding and repaying the 2018B, 2018C and 2018D Bonds.

The 2023 Bonds bear interest at rates ranging from 5.000% and 5.500%. The 2023 Bonds were issued as serial bonds maturing on December 1 of the years 2026 through 2033 and as term bonds maturing on December 1 of the years 2038, 2043 and 2053. Interest is payable semi-annually on June 1 and December 1, beginning June 1, 2024, and the principal is payable annually on December 1, beginning December 1, 2026.

Pursuant to the 2023 Bonds Indenture of Trust (the "2023 Indenture"), the District has covenanted to impose a Required Mill Levy each year in an amount sufficient to pay the 2023 Bonds as they come due, and if necessary, an amount sufficient to replenish the 2023 Reserve Fund to the amount of the 2023 Required Reserve and to fund or replenish the 2018A and 2023 Surplus Fund up to the Base Surplus Amount, but not in excess of 78.725 mills, as adjusted for any change in the method of calculating assessed valuation after the date of the 2023 Indenture.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2023 General Obligation Limited Tax Refunding Bonds (Continued)

The 2023 Bonds are secured by amounts on deposit in the 2023 Reserve Fund, which was funded one-half from the proceeds of the 2023 Bonds and one-half from the Municipal Bond Debt Service Reserve Insurance Policy in amounts equal to the 2023 Required Reserve of \$2,940,905. The 2023 Indenture also provides that the Pledged Revenue not needed to pay debt service on the 2018A and 2023 Bonds in any year will be deposited to and maintained in the 2018A and 2023 Surplus Fund in an amount up to the Base Surplus Amount of \$1,500,000 and no more than the Maximum Surplus Amount of \$8,000,000.

The Bonds maturing on December 1, 2033, are not subject to redemption prior to maturity. The Bonds maturing on and after December 1, 2038, are subject to redemption, at the option of the District, as a whole or in integral multiples of \$5,000, on December 1, 2033, and on any date thereafter without redemption premium.

Series 2023 Pledged Revenues

The 2023 Bonds are secured by and payable solely from and to the extent of Pledged Revenue generally consisting of money derived by the District from the following sources, net of any costs of collection:

- i. the Required Mill Levy;
- ii. the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- iii. any other legally available moneys which the District determines to transfer to the Trustee for application as Pledged Revenue.

Events of Default

Events of default occur if the District does not impose the Required Mill Levy, does not apply Pledged Revenue as required, and other customary terms and conditions consistent with normal municipal financings.

The District's outstanding Bonds contain a provision regarding certain events of default, for which acceleration is not a remedy. Upon the occurrence of an Event of Default, the Trustee shall have the right to: receivership, suit for judgment, or any other suit, action, or proceeding at law or in equity to enforce all rights of Owners.

The District's general obligation bond principal and interest will mature as follows:

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Year Ending December 31,	Bonded Debt		Total
	Principal	Interest	
2024	\$ 605,000	\$ 2,804,598	\$ 3,409,598
2025	635,000	2,674,488	3,309,488
2026	675,000	2,642,737	3,317,737
2027	705,000	2,608,988	3,313,988
2028	790,000	2,573,737	3,363,737
2029-2033	4,905,000	12,216,663	17,121,663
2034-2038	6,950,000	10,947,120	17,897,120
2039-2043	9,475,000	9,210,850	18,685,850
2044-2048	13,815,000	6,743,806	20,558,806
2049-2053	17,125,000	2,858,155	19,983,155
Total	<u>\$ 55,680,000</u>	<u>\$ 55,281,142</u>	<u>\$ 110,961,142</u>

Authorized Debt

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$119,095,000 at an interest rate not to exceed 15% per annum. At December 31, 2023, the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

	Authorized 11/07/2000 Election	Series 2002A-1 Series 2002A-2 Series 2002B Series 2003	Authorization Used Series 2007A	Authorization Used Series 2007B	Authorization Used Series 2018A Series 2018B	Authorization Used Series 2018C	Authorization Used Series 2018D	Authorization Used Series 2023	Remaining at December 31, 2023
Street	\$ 24,000,000	\$ 8,023,100	\$ -	\$ 3,465,000	\$ -	\$ 3,264,000	\$ 2,858,000	\$ 3,834,000	\$ 2,555,900
Safety Protection	625,000	-	-	-	-	-	-	-	625,000
Parks and Recreation	8,700,000	4,785,400	-	2,345,000	-	-	1,354,000	-	215,600
Water	10,000,000	4,053,250	-	1,230,000	-	1,197,000	2,188,000	799,000	532,750
Sanitation	12,200,000	3,988,250	-	4,135,000	-	1,947,000	1,600,000	317,000	212,750
Television Relay	1,000,000	-	-	-	-	-	-	-	1,000,000
Mosquito Control	320,000	-	-	-	-	-	-	-	320,000
Public Transportation	1,250,000	-	-	-	-	-	-	-	1,250,000
Operations	1,000,000	150,000	-	-	-	-	-	-	850,000
Refunding	60,000,000	-	2,815,000	-	5,370,000	-	-	25,360,000	26,455,000
Total	<u>\$ 119,095,000</u>	<u>\$ 21,000,000</u>	<u>\$ 2,815,000</u>	<u>\$ 11,175,000</u>	<u>\$ 5,370,000</u>	<u>\$ 6,408,000</u>	<u>\$ 8,000,000</u>	<u>\$ 30,310,000</u>	<u>\$ 34,017,000</u>

The District had prior debt authorization from an election in 1985 totaling \$24,634,000 which may have been affected by the TABOR amendment. The District also had prior debt authorizations from elections in 1994 and 1997 for \$83,865,736 and \$24,000,000, respectively, which may be considered stale. The authorized debt from the 1985, 1994 and 1997 elections is not included in the above table.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,701,116
Long Term Obligations	<u>(8,324,925)</u>
Net Investment in Capital Assets	<u>\$ (5,623,809)</u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023, as follows:

	Activities
Restricted Net Position:	
Emergency Reserve	\$ 23,000
Debt Service Reserve	2,648,936
Capital Projects Reserve	<u>4,953,061</u>
Total Restricted Net Position	<u>\$ 7,624,997</u>

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

NOTE 7 RELATED PARTY

One of the members of the Board of Directors is an employee of, owner of, or is otherwise associated with Kings Co, LLC and may have conflicts of interest in dealing with the District. Kings Co, LLC is the current developer of property within the District and is the current holder of the 2018 Advance and Reimbursement Agreement.

2018 Advance and Reimbursement Agreement

The District and Kings Co, LLC entered into an Advance and Reimbursement Agreement dated April 5, 2018 (the "2018 Advance and Reimbursement Agreement") whereby, in consideration of Kings Co.'s agreement to advance additional funds for the construction of public infrastructure for the benefit of the District's constituents, Kings Co LLC will be entitled to reimbursement for a portion of the advances made to the District pursuant to the 2001 Advance and Reimbursement Agreement in the amount of \$6,408,000. The revenue source for repayment of the reimbursement was expected to be the issuance of the 2018C Bonds.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 RELATED PARTY (CONTINUED)

2018 Advance and Reimbursement Agreement (Continued)

The District was unable to fund certain improvements using the funds from the Second Subordinate Bonds. The District estimated the costs of the additional improvements to be \$8,000,000. Kings Co, LLC provided the District with additional advances to fund said improvements. In accordance with the 2018 Advance and Reimbursement Agreement, the District issued the Third Subordinate Bonds in order to reimburse Kings Co, LLC for advances made related to the additional improvements.

The 2018 Advance and Reimbursement Agreement limited the District's reimbursement obligation to Kings Co to the maximum principal amount of the Second Subordinate Bonds and the Third Subordinate Bonds. During its March 30, 2021, special board meeting, the District's Board of Directors authorized the District's final draw from the 2018 Bonds to reimburse Kings Co pursuant to the 2018 Advance and Reimbursement Agreement. Such final draw effectively terminated the 2018 Advance and Reimbursement Agreement.

2023 Facilities Funding and Reimbursement Agreement

The District and Kings Co, LLC entered into a Facilities Funding and Reimbursement Agreement dated July 24, 2023 (the "2023 Facilities Funding and Reimbursement Agreement") to advance additional funds for the construction of public infrastructure for the benefit of the District's constituents. The District is to reimburse Kings Co, LLC from funds available, subject to annual appropriation. Reimbursement is to include simple interest at the rate of 5.75%. Any obligation of Kings Co, LLC to provide advances will expire on December 31, 2026. In the event the District has not reimbursed Kings CO, LLC for any advances made pursuant to this agreement on or before December 31, 2053, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. There was no balance due at December 31, 2023.

Construction Management Agreement

The District and Kings Co, LLC entered into an Agreement for Construction Management Services, dated March 26, 2002, whereby Kings Co, LLC is to provide construction management services during the construction of certain improvements. The management fee is 4% of the amount of the construction contract awards. During 2023, the District did not incur any construction management fee expenses.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 RELATED PARTY (CONTINUED)

Amended and Restated Agreement Regarding Construction of Homestead Phase II and Phase III Improvements

The District and Kings Co, LLC entered into an Agreement Regarding Construction of Homestead Phase II and Phase III Improvements dated June 28, 2019, and as amended and restated on October 3, 2019. Pursuant to the agreement, the District will design, construct, and complete the Tract E Park and 50th Avenue Improvements (as defined therein) and will pay for construction related expenses. The District shall enter into an Escrow Agreement with the City of Brighton and will deposit 115% of the Tract E Park portion of the construction related expenses into an escrow account, from which the District will periodically draw funds in order to pay for the construction related expenses. Also pursuant to the agreement, Kings Co, LLC will design, construct, and complete the Storm Drain Phases II and III Improvements (as defined therein) and will pay for the construction related expenses and submit for reimbursement from the District eligible expenses as verified by an independent engineer and pursuant to the 2023 Advance and Reimbursement Agreement.

NOTE 8 CONTRACTS AND AGREEMENTS

City of Brighton

Pursuant to the Annexation Agreement, as amended, by the First, Second, Third and Fourth Amendments, among BPK, the City, SBDMD, BPMD Nos. 2-3 and BCMD; among BPK, the City of Brighton, Adams County, SBDMD, BPMD Nos. 2-3 and BCMD; and the Interdistrict Regional Facilities Intergovernmental Agreement dated March 21, 2000, and amended in 2003, among SBDMD, BPMD Nos. 2-3 and BCMD, the parties have the following mutual responsibilities:

In general, the Districts and BPK or transferees 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 agreed to pay for their certain sections when development dictates. During 2001, BCMD transferred the responsibility to plant and maintain the medians to BPMD No. 5.

Danube Street 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.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 CONTRACTS AND AGREEMENTS (CONTINUED)

Water - On May 28, 1996, a Third Amendment to the Annexation Agreement was completed which provides that the City will provide water service to the Districts 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 the District. In consideration of the Developer designing all irrigation systems after December 8, 1998, so that they are capable of being converted to a nonpotable water system, the City will provide water taps for certain public areas at no charge. Effective November 1, 2005, the water development fee charged by the District for lots over 10,000 square feet in size is \$510.

Sewer - The City is to provide sewage collection and treatment capacity to the full development of the BPK property. Pursuant to the Fourth Amendment to the Annexation Agreement, dated October 24, 1997, the City has fulfilled its obligation to provide wastewater treatment facilities for the property draining into the Beebe Draw Basin by execution of the Beebe Draw Wastewater Agreement with the Town of Lochbuie. The City remains obligated to provide transmission and treatment service to the property draining into the South Platte Basin. SBDMD or BPK is obligated to install, at its expense, all sanitary sewer collection and transmission facilities as stipulated in the Sanitary Sewer Master Plan.

Storm Drainage - The City agrees to provide all offsite storm drainage improvements for the BPK property. The Third Amendment to the Annexation Agreement provides that SBDMD may undertake to provide storm drainage to property within SBDMD, District Nos. 2-3 and BCMD, as well as adjoining properties. In such event, SBDMD would pay for offsite improvements and the City shall forego collecting drainage fees and reimbursement. The Districts and/or BPK are to construct all onsite storm drainage improvements. The District collects a storm drainage facility fee of \$1,625 per dwelling unit. Effective November 1, 2005, the storm drainage facility fee for lots over 10,000 square feet in size is \$2,754.

Community Park Construction Agreement

During 2003, the District entered into that certain Community Park Construction Agreement with the City and the Developer (the "Community Park Construction Agreement") that outlined the Developer's and District's obligation to design and construct a neighborhood and community park within the District. Pursuant to the Community Park Construction Agreement, the City is to impose and collect a Community Park Impact Fee (as defined therein), which is a fee that is separate from the District park development fee. The Community Park Impact Fee is \$250 per unit. The City is to escrow these funds and the District can be reimbursed for its actual costs to design and construct the community park to the extent of fees collected by the City. Up to \$25,000 can be reimbursed to the District for design costs of the park, with the remainder of the fee being reimbursed, to the extent of actual costs, upon the completion of the construction of the park. The Agreement indicates that the community park is to be completed no later than the issuance of a building permit for the 508th dwelling unit constructed within the District. The District incurred actual construction costs in the amount of \$762,241 and requested reimbursement from the City for these costs. Cumulative to date, the District has received reimbursement of \$558,990. The District anticipates receiving the remaining amount of \$203,251 in future years to the extent fees are collected.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 CONTRACTS AND AGREEMENTS (CONTINUED)

Sales and Use Tax - Until the earlier of December 16, 2025, or the repayment of all 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 0.75% recreation sales and use tax) generated and collected within the Districts to SBDMD. The Interdistrict Regional Facilities Intergovernmental Agreement dated March 21, 2000, and the Intergovernmental Agreement Regarding Sales and Use Taxes, dated August 4, 1995, allow for the sharing of this revenue among the Districts.

Beebe Draw Wastewater Service Agreement

On November 4, 1997, District Nos. 1-4 entered into the Beebe Draw Wastewater Service Agreement with the City and the Town of Lochbuie (Town) to provide a comprehensive program to finance, construct, and operate wastewater facilities within the Beebe Draw drainage basin. SBDMD is responsible for constructing and financing certain sewer lines and is to receive fees from all areas served by the lines, including property within the District. Plant Investment Fees (PIF) 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, Brighton and Lochbuie are to collect and remit to SBDMD certain "SBDMD fees" equal to the greater of \$1,000 or 40% of the applicable PIF imposed by the Town for a sewer tap connection. SBDMD fees are applied toward payment of the SBDMD 1997 bonds and for other District purposes.

Storm Drainage Management Agreement

On March 19, 1997, SBDMD, the Beebe Draw Drainage Company LLC and the Farmers Reservoir and Irrigation Company (FRICO) entered into the Storm Drainage Management Agreement wherein SBDMD acquired the right to discharge storm water from property within the Districts and the Beebe Draw Drainage area into the storm drainage and maintenance facilities owned and operated by the drainage company. SBDMD agrees to collect and pay certain fees to the drainage company to defray the cost of drainage improvements required to serve the Districts.

In April 2004, SBDMD entered into a Global Settlement Agreement whereby the Storm Drainage Management Agreement of March 19, 1997, was replaced and superseded by a Restated Drainage Agreement entered into by FRICO and SBDMD. In addition, SBDMD purchased from the Beebe Draw Drainage Company for \$4 million, an undivided 80% interest in a storm drainage easement, which is the right to discharge storm water into the Beebe Seep as contemplated by the Master Drainage Plan.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 CONTRACTS AND AGREEMENTS (CONTINUED)

Infrastructure

The District imposes an infrastructure fee, a system development fee, and a park development fee. Pursuant to a Development Agreement, as amended by 1st and 2nd amendments, between SBDMD and BPMD No. 2 and Brighton dated April 17, 1998, and a Joint Resolution of SBDMD, BPMD Nos. 2-3 and BCMD effective as of July 1, 2003, the City agreed to collect the District infrastructure fee of not less than \$1,075, a District system development fee of not less than \$50 and a District park development fee of not less than \$1,340 upon issuance of a building permit for each single family home. The City remits the fees to SBDMD which may remit to the District. The Districts agree to use the park development fees for public improvements such as the construction of parks.

On August 17, 2004, the Districts entered into an agreement whereby the City will no longer collect fees on behalf of the Districts. The Districts have contracted with an independent third-party to collect the fees on behalf of the Districts.

Effective February 23, 2006, the District adopted a resolution that increased the infrastructure fee to \$1,836 per unit and the District system development fee to \$65 per unit for lots over 10,000 square feet in size. The fees on lots under 10,000 square feet did not change.

Cost Sharing Agreement with Brighton East Farms Home Owners Association

On July 1, 2007, the District entered into an agreement with the Brighton East Farms Homeowners Association (the "BEF HOA") for cost sharing of operation and maintenance expenses for Tracts F and U, Brighton East Farms Filing No. 1 (the "BEF Tracts"). Under this agreement the District will reimburse the BEF HOA for maintenance and operation costs associated with these Tracts. The District will reimburse 27.67% of the costs of weekly lawn maintenance and the irrigation system, 100% of maintenance for the monuments and snow removal within the BEF Tracts, and 53.87% of the water bill for the tap located at 4219 Harvest Lane. The BEF HOA expressly understands and agrees that the maximum annual amount the District shall be liable for under this agreement is \$90,000, unless an increase is approved by the District's Board of Directors. This agreement terminates each December 31 and renews for one-year terms unless one party gives 60 days written notice prior to December 1 that they will not be renewing the agreement.

Cost Sharing Agreement with Parkside at Brighton East Farms Home Owners Association

On April 2, 2019, the District entered into an agreement with the Parkside at Brighton East Farms Home Owners Association (the "Parkside HOA") for cost sharing of operation and maintenance expenses for Tract M, Brighton East Farms Filing No. 1 and Filing No. 2 Administrative Amendment No. 1 (the "Tract"). Under this agreement the District will reimburse the Parkside HOA for maintenance and operation costs associated with the Tract. The Parkside HOA expressly understands and agrees that the District shall reimburse the Parkside HOA in 2019 an amount not to exceed \$23,000 for maintenance service costs and an amount not to exceed \$5,000 for capital improvements. The Parkside HOA also expressly understands and agrees that, beyond the 2019 calendar year, the maximum annual amount the District shall be liable for under this agreement is \$40,000. This agreement terminates each December 31 and renews for one-year terms unless one party gives 60 days written notice prior to December 1 that they will not be renewing the agreement.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 CONTRACTS AND AGREEMENTS (CONTINUED)

Facilities Maintenance Agreement for Drainage Facilities Located on Private Property

On November 16, 2020, the District entered into an agreement with Kings Co, LLC and the City of Brighton for the conveyance of an easement from Kings Co, LLC to the District and for the continued operation, maintenance, repair, and replacement as necessary of the permanent stormwater drainage facilities to handle releases of developed flows from Brighton East Farms Filing No. 3 to Regional Pond 331.

NOTE 9 INTERFUND AND OPERATING TRANSFERS

The transfer from the Debt Service Fund to the Capital Projects Fund was for the purpose of transferring project funds.

NOTE 10 RISK MANAGEMENT

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

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

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$1,000,000 annually without regard to any limitations imposed by TABOR for general operations and maintenance of the District.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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 has taken such steps as it believes necessary to comply 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.

SUPPLEMENTARY INFORMATION

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 4,605,079	\$ 4,605,079	\$ 4,600,020	\$ (5,059)
Specific Ownership Taxes	298,637	298,637	253,266	(45,371)
Interest Income	32,000	32,000	221,833	189,833
Total Revenues	4,935,716	4,935,716	5,075,119	139,403
EXPENDITURES				
Banking Fees	-	-	21	(21)
County Treasurer's Fee	69,076	69,076	69,021	55
Paying Agent Fees	10,500	10,500	10,500	-
Bond Interest - Series 2018A	1,099,400	1,099,400	1,099,400	-
Bond Interest - Series 2018B	517,331	-	-	-
Bond Interest - Series 2018C	754,496	-	-	-
Bond Issue Costs	-	744,016	1,193,004	(448,988)
Bond Principal - Series 2018A	575,000	575,000	575,000	-
Bond Principal - Series 2018C	1,909,000	-	-	-
Bond Principal - Series 2018D	-	-	-	-
Contingency	197	353,147	-	353,147
Total Expenditures	4,935,000	2,851,139	2,946,946	(95,807)
EXCESS OF REVENUES OVER EXPENDITURES	716	2,084,577	2,128,173	43,596
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	30,785,000	30,310,000	(475,000)
Bond Discount	-	(571,790)	(571,790)	-
Refunding Escrow	-	(26,627,071)	(26,482,503)	144,568
Transfers to Other Fund	-	(4,950,000)	(4,950,000)	-
Total Other Financing Uses	-	(1,363,861)	(1,694,293)	(330,432)
NET CHANGE IN FUND BALANCE	716	720,716	433,880	(286,836)
Fund Balance - Beginning of Year	2,131,762	2,215,056	2,215,056	-
FUND BALANCE - END OF YEAR	<u>\$ 2,132,478</u>	<u>\$ 2,935,772</u>	<u>\$ 2,648,936</u>	<u>\$ (286,836)</u>

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Oil Lease	\$ 110,000	\$ 110,000	\$ 42,534	\$ (67,466)
Interest Income	-	-	36,545	36,545
Total Revenues	110,000	110,000	79,079	(30,921)
EXPENDITURES				
Accounting	-	-	313	(313)
Engineering	-	-	31,000	(31,000)
Capital Outlay	110,000	5,069,628	54,333	5,015,295
Total Expenditures	110,000	5,069,628	85,646	4,983,982
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	(4,959,628)	(6,567)	4,953,061
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	4,950,000	4,950,000	-
Total Other Financing Sources	-	4,950,000	4,950,000	-
NET CHANGE IN FUND BALANCE	-	(9,628)	4,943,433	4,953,061
Fund Balance - Beginning of Year	-	9,628	9,628	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,953,061</u>	<u>\$ 4,953,061</u>

OTHER INFORMATION

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

Bonds and Interest Maturing in the Year Ending December 31,	\$28,855,000 Senior General Obligation Limited Tax Refunding Bonds, Series 2018A Interest Rate - 3.50% to 5.00% Dated April 5, 2018 Interest Payable June 1 and December 1 Principal Payable December 1			\$30,310,000 General Obligation Limited Tax Refunding Bonds, Series 2023 Interest Rate Varying from 5.000% to 5.500% Dated November 9, 2023 Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 605,000	\$ 1,070,650	\$ 1,675,650	\$ -	\$ 1,733,948	\$ 1,733,948
2025	635,000	1,040,400	1,675,400	-	1,634,088	1,634,088
2026	670,000	1,008,650	1,678,650	5,000	1,634,087	1,639,087
2027	700,000	975,150	1,675,150	5,000	1,633,838	1,638,838
2028	735,000	940,150	1,675,150	55,000	1,633,587	1,688,587
2029	775,000	903,400	1,678,400	45,000	1,630,838	1,675,838
2030	810,000	864,650	1,674,650	110,000	1,628,475	1,738,475
2031	855,000	824,150	1,679,150	110,000	1,622,700	1,732,700
2032	895,000	781,400	1,676,400	180,000	1,616,925	1,796,925
2033	940,000	736,650	1,676,650	185,000	1,607,475	1,792,475
2034	975,000	703,750	1,678,750	255,000	1,597,763	1,852,763
2035	1,010,000	665,088	1,675,088	270,000	1,583,737	1,853,737
2036	1,050,000	625,038	1,675,038	350,000	1,568,888	1,918,888
2037	1,095,000	583,400	1,678,400	360,000	1,549,637	1,909,637
2038	1,135,000	539,981	1,674,981	450,000	1,529,838	1,979,838
2039	1,180,000	494,981	1,674,981	475,000	1,505,088	1,980,088
2040	1,230,000	448,194	1,678,194	565,000	1,478,962	2,043,962
2041	1,275,000	399,431	1,674,431	600,000	1,447,888	2,047,888
2042	1,330,000	348,881	1,678,881	700,000	1,414,887	2,114,887
2043	1,380,000	296,150	1,676,150	740,000	1,376,388	2,116,388
2044	1,435,000	241,438	1,676,438	850,000	1,335,687	2,185,687
2045	1,490,000	184,550	1,674,550	900,000	1,290,000	2,190,000
2046	1,550,000	125,481	1,675,481	1,080,000	1,241,625	2,321,625
2047	1,615,000	64,031	1,679,031	1,975,000	1,183,575	3,158,575
2048	-	-	-	2,920,000	1,077,419	3,997,419
2049	-	-	-	3,075,000	920,468	3,995,468
2050	-	-	-	3,240,000	755,188	3,995,188
2051	-	-	-	3,415,000	581,037	3,996,037
2052	-	-	-	3,600,000	397,481	3,997,481
2053	-	-	-	3,795,000	203,981	3,998,981
Total	\$ 25,370,000	\$ 14,865,644	\$ 40,235,644	\$ 30,310,000	\$ 40,415,498	\$ 70,725,498

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2023

Bonds and Interest Maturing in the Year Ending December 31,	Totals		
	Principal	Interest	Total
2024	\$ 605,000	\$ 2,804,598	\$ 3,409,598
2025	635,000	2,674,488	3,309,488
2026	675,000	2,642,737	3,317,737
2027	705,000	2,608,988	3,313,988
2028	790,000	2,573,737	3,363,737
2029	820,000	2,534,238	3,354,238
2030	920,000	2,493,125	3,413,125
2031	965,000	2,446,850	3,411,850
2032	1,075,000	2,398,325	3,473,325
2033	1,125,000	2,344,125	3,469,125
2034	1,230,000	2,301,513	3,531,513
2035	1,280,000	2,248,825	3,528,825
2036	1,400,000	2,193,926	3,593,926
2037	1,455,000	2,133,037	3,588,037
2038	1,585,000	2,069,819	3,654,819
2039	1,655,000	2,000,069	3,655,069
2040	1,795,000	1,927,156	3,722,156
2041	1,875,000	1,847,319	3,722,319
2042	2,030,000	1,763,768	3,793,768
2043	2,120,000	1,672,538	3,792,538
2044	2,285,000	1,577,125	3,862,125
2045	2,390,000	1,474,550	3,864,550
2046	2,630,000	1,367,106	3,997,106
2047	3,590,000	1,247,606	4,837,606
2048	2,920,000	1,077,419	3,997,419
2049	3,075,000	920,468	3,995,468
2050	3,240,000	755,188	3,995,188
2051	3,415,000	581,037	3,996,037
2052	3,600,000	397,481	3,997,481
2053	3,795,000	203,981	3,998,981
Total	<u>\$ 55,680,000</u>	<u>\$ 55,281,142</u>	<u>\$ 110,961,142</u>

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Assessed Valuation	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2019	\$ 26,612,970	7.300	78.725	\$ 2,289,380	\$ 2,291,844	100.11 %
2020	47,209,720	7.300	65.774	3,449,803	3,443,217	99.81
2021	60,642,130	7.300	57.362	3,921,242	3,918,584	99.93
2022	44,700,480	7.300	51.788	2,641,262	2,641,648	100.01
2023	90,885,530	7.300	50.669	5,268,544	5,268,947	100.01
Estimated for Year Ending December 31, 2024	\$ 142,818,970	7.000	48.000	7,855,044		

Note:

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