

BRISTOL METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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# Crady, Puca & Associates

Certified Public Accountants & Consultants

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August 11, 2024

Board of Directors of Bristol Metropolitan District

We have audited the financial statements of the governmental activities and each major fund of Bristol Metropolitan District ("District") for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted not significant balances subject to estimation in the District's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Long-Term Debt in Note 3 to the financial statements as it presents the long-term obligations of District and the related repayment terms.

The disclosure of Other Agreements and Related Party activity in Note 4 and Note 5, respectively, as this outlines the terms of agreements with respect to related parties.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

The following material misstatements detected as a result of audit procedures were corrected by management:

During the audit process, it was determined that a portion of the developer receivable related to future period reimbursements and as such was adjusted in the current year in the amount of \$12,539 which resulted in the adjustment on a fund basis of current year developer receivable and revenue in the amount of \$12,539.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 11, 2024.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We were engaged to report on the Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual- Debt Service Fund and Capital Fund, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Summary of Assessed Valuation, Mill Levy and Property Taxes which accompanies the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Bristol Metropolitan District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to serve as the District's auditors. We would like to express our appreciation to Diane Wheeler for her assistance during the audit.

Very truly yours,

*Crady, Puca & Associates*

**Bristol Metropolitan District**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments - restricted	\$ -	\$ 7,966	\$ 2,000	\$ 9,966	\$ -	\$ 9,966
Receivable - County Treasurer	430	2,197	-	2,627	-	2,627
Property taxes receivable	33,546	171,084	-	204,630	-	204,630
Due from other fund	-	6,708	-	6,708	(6,708)	-
Developer receivable	15,428	-	-	15,428	(15,428)	-
Prepaid expenses	<u>3,121</u>	<u>-</u>	<u>-</u>	<u>3,121</u>	<u>-</u>	<u>3,121</u>
<b>Total Assets</b>	<u>52,525</u>	<u>187,955</u>	<u>2,000</u>	<u>242,480</u>	<u>(22,136)</u>	<u>220,344</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	131,841	131,841
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	131,841	131,841
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 52,525</u>	<u>\$ 187,955</u>	<u>\$ 2,000</u>	<u>\$ 242,480</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 21,376	\$ -	\$ -	\$ 21,376	-	21,376
Regional Mill Levy Payable	-	6,410	-	6,410	-	6,410
Due to other fund	6,708	-	-	6,708	(6,708)	-
Accrued interest	-	-	-	-	36,908	36,908
Long-term liabilities:						
Due within one year	-	-	-	-	40,000	40,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	3,611,324	3,611,324
<b>Total Liabilities</b>	<u>28,084</u>	<u>6,410</u>	<u>-</u>	<u>34,494</u>	3,681,524	3,716,018
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	<u>33,546</u>	<u>171,084</u>	<u>-</u>	<u>204,630</u>	<u>-</u>	<u>204,630</u>
<b>Total Deferred Inflows of Resources</b>	<u>33,546</u>	<u>171,084</u>	<u>-</u>	<u>204,630</u>	<u>-</u>	<u>204,630</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	3,121	-	-	3,121	(3,121)	-
Restricted:						
Emergencies	1,035	-	-	1,035	(1,035)	-
Debt service	-	10,461	-	10,461	(10,461)	-
Capital projects	-	-	2,000	2,000	(2,000)	-
Unassigned	<u>(13,261)</u>	<u>-</u>	<u>-</u>	<u>(13,261)</u>	13,261	<u>-</u>
<b>Total Fund Balances</b>	<u>(9,105)</u>	<u>10,461</u>	<u>2,000</u>	<u>3,356</u>	<u>(3,356)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources     and Fund Balances</b>	<u>\$ 52,525</u>	<u>\$ 187,955</u>	<u>\$ 2,000</u>	<u>\$ 242,480</u>		
Net Position:						
Restricted for:						
Emergencies					1,035	1,035
Capital projects					2,000	2,000
Unrestricted					<u>(3,571,498)</u>	<u>(3,571,498)</u>
<b>Total Net Position</b>					<u>\$(3,568,463)</u>	<u>\$(3,568,463)</u>

The notes to the financial statements are an integral part of these statements.

## Bristol Metropolitan District

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES	-					
Accounting and audit	\$ 9,612	\$ -	\$ -	\$ 9,612	\$ -	\$ 9,612
Insurance	3,304	-	-	3,304	-	3,304
Legal	25,676	-	-	25,676	-	25,676
Treasurer's fees	384	1,960	-	2,344	-	2,344
Bond principal	-	6,000	-	6,000	(6,000)	-
Bond interest expense	-	137,666	-	137,666	40,974	178,640
Trustee fees	-	8,000	-	8,000	-	8,000
Regional mill levy	-	2,691	-	2,691	-	2,691
Developer advance interest	-	-	-	-	39,621	39,621
Total Expenditures	38,976	156,317	-	195,293	74,595	269,888
GENERAL REVENUES						
Property taxes	25,610	128,070	-	153,680	-	153,680
Property taxes - Regional mill levy	-	2,559	-	2,559	-	2,559
Specific ownership taxes	1,707	8,537	-	10,244	-	10,244
Specific ownership taxes- Regional mill levy	-	171	-	171	-	171
Interest income	1,148	1,236	-	2,384	-	2,384
Total General Revenues	28,465	140,573	-	169,038	-	169,038
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,511)	(15,744)	-	(26,255)	(74,595)	(100,850)
OTHER FINANCING SOURCES (USES)						
Developer advances	1,444	-	-	1,444	(1,444)	-
Transfers (to)/from other funds	-	(2,000)	2,000	-	-	-
Total Other Financing Sources (Uses)	1,444	(2,000)	2,000	1,444	(1,444)	-
NET CHANGES IN FUND BALANCES	(9,067)	(17,744)	2,000	(24,811)	24,811	
CHANGE IN NET POSITION					(100,850)	(100,850)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	(38)	28,205	-	28,167	(3,495,780)	(3,467,613)
END OF YEAR	\$ (9,105)	\$ 10,461	\$ 2,000	\$ 3,356	\$ (3,571,819)	\$ (3,568,463)

The notes to the financial statements are an integral part of these statements.

## Bristol Metropolitan District

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2023

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 26,053	\$ 25,610	\$ (443)
Specific ownership taxes	1,824	1,707	(117)
Interest income	-	1,148	1,148
Total Revenues	27,877	28,465	588
<b>EXPENDITURES</b>			
Accounting and audit	10,000	9,612	388
Election expense	4,000	-	4,000
Insurance	4,000	3,304	696
Legal	15,000	25,676	(10,676)
Miscellaneous expenses	5,000	-	5,000
Treasurer's fees	391	384	7
Contingency	2,500	-	2,500
Emergency reserve	1,152	-	1,152
Total Expenditures	42,043	38,976	3,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,166)	(10,511)	3,655
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advances	14,166	1,444	(12,722)
Total Other Financing Sources (Uses)	14,166	1,444	(12,722)
NET CHANGE IN FUND BALANCE	-	(9,067)	(9,067)
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	-	(38)	(38)
END OF YEAR	\$ -	\$ (9,105)	\$ (9,105)

The notes to the financial statements are an integral part of these statements.

# BRISTOL METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2023

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Bristol Metropolitan District (“District”), located in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized on November 30, 2016, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the City of Aurora (the “City”) on July 25, 2016 (the “Service Plan”). The District was established to provide for the design, acquisition, completion construction, and operations and maintenance of a part or all of the public improvements for the use and benefit of the residents and property owners within the service area. The District is authorized for operating and maintaining park and recreation improvements. The District is governed by an elected Board of Directors.

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

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

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

#### Basis of Presentation

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

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

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

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

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

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. The District amended its total appropriations in the Debt Service primarily for additional interest expense related to the 2022B(3) Bonds.

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

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

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

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

#### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the Statement of Net Position.

#### Estimates

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

#### Deferred Loss on Refunding

The deferred loss on refunding is being amortized over the life of the bonds using the effective interest method. Accumulated amortization of the deferred loss on refunding amounted to \$24,375 at December 31, 2023.

#### Property Taxes

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

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

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

#### Long-Term Obligations

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

#### Fund Equity

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

#### Nonspendable Fund Balance

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

The nonspendable fund balance at December 31, 2023 represents prepaid insurance.

#### Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,035 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$10,461 is restricted for the payment of the debt service costs associated with the Series 2022A and Series 2022B(3) Bonds (see Note 3).

The restricted fund balance in the Capital Projects Fund in the amount of \$2,000 is restricted for the payment of the costs for capital improvements within the District.

#### Committed Fund Balance

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

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

#### Assigned Fund Balance

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

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

#### Fund Balance Deficit

The General Fund has a deficit of \$9,105 at December 31, 2023. It is anticipated that this will be eliminated with future developer advances.

#### Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. As of December 31, 2023, the District had no amount to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

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

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

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2023

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments - restricted	\$ <u>9,966</u>
Total	\$ <u>9,966</u>

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

Deposits with financial institutions	\$ 4,513
COLOTRUST	<u>5,453</u>
Total	\$ <u>9,966</u>

Deposits

Custodial Credit Risk

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

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

Investments

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

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

#### Credit Risk

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

#### Custodial and Concentration of Credit Risk

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

#### Interest Rate Risk

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

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

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ records its investments at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value method. COLOTRUST PLUS+ operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST PLUS+ is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. And may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST PLUS+ in connection with the direct investment and withdrawal function of COLOTRUST PLUS+. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2023, the District had \$5,453 invested in COLOTRUST PLUS+, of which \$257 is held in trust accounts with UMB Bank.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2023

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2023, is as follows:

\$2,325,000 Taxable (Convertible to Tax-Exempt) General Obligation Limited Tax Refunding and Improvement Bonds, Series 2022A

On June 9, 2022, the District issued \$2,325,000 Taxable (Convertible to Tax-Exempt) General Obligation Limited Tax Refunding and Improvement Bonds, Series 2022A (“Series 2022A Bonds”) for the purpose of advance refunding the Series 2019A and Series 2019B Bonds, financing public improvements related to the development, paying capitalized interest on the Series 2022A Bonds and paying the cost of issuance of the Bonds. Prior to the Tax-Exempt Reissuance Date (as defined in the Senior Indenture of Trust for the Series 2022A Bonds or the “Indenture of Trust”) the Series 2022A Bonds bear interest at the rate of 4.64% and after the Tax-Exempt Reissuance Date at a rate of 3.50%, payable semiannually on each June 1 and December 1, commencing on December 1, 2022 and mature on June 9, 2032. Any unpaid interest shall compound on each interest payment date. The Tax-Exempt Reissuance Date occurred on December 15, 2023. As a result of the reissuance, replacement bond in the amount of \$2,319,000 was issued.

The Series 2022A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2023 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities on June 10, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. If the District fails to pay the principal and interest on the Series 2022A Bonds in full by June 9, 2032, interest on the Series 2022A Bonds shall accrue at the Default Interest Rate, as defined in the Senior Indenture of Trust, for so long as the Series 2022A Bonds remain outstanding. In the event that any amount of the Series 2022A Bonds remains unpaid on December 2, 2059, the 2022A Bonds and the lien on the 2022A Bonds securing payment shall be deemed discharged. Upon such discharge the 2022A Bonds owners will have no recourse to the District of any amount of principal and interest remaining unpaid.

The Series 2022A Bonds are secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy and any other legally available moneys as determined by the District.

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

#### \$810,000 Subordinate Limited Tax General Obligation Bonds, Series 2022B(3)

On September 14, 2022, the District issued \$810,000 Subordinate Limited Tax General Obligation Bonds, Series 2022B(3) (“Series 2022B(3) Bonds”) for the purpose of financing public improvements related to the development and paying the cost of issuance of the Bonds. The Series 2022B(3) Bonds bear interest at the rate of 7.50%, payable annually on December 15, commencing on December 15, 2022, to the extent that Subordinate Pledged Revenue (as defined in the Indenture of Trust (Subordinate) for the Series 2022B(3) Bonds or the “Subordinate Indenture of Trust”) is available. Any unpaid interest shall compound on each interest payment date. The Series 2022B(3) Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on September 1, 2027 and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium that ranges between 0% and 3%.

The Series 2022B(3) Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy and any other legally available moneys as determined by the District. In the event that any amount of the Series 2022B(3) Bonds remains unpaid on December 16, 2059, the Series 2022B(3) Bonds and the lien on the Series 2022B(3) Bonds securing payment shall be deemed discharged. Upon such discharge the Series 2022B(3) Bonds owners will have no recourse to the District of any amount of principal and interest remaining unpaid.

Events of Default as defined in the Series 2022A Bonds and the Series 2022B(3) Bonds Indentures include 1) the failure or refusal of the District to impose the Required Mill levy, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2022A Bonds or the Series 2022B(3) Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2022A Bonds or the Series 2022B(3) Bonds is not an available remedy for an Event of Default.

#### Advance Refunding

On June 9, 2022, both the Series 2019A Bonds and the Series 2019B Bonds were advance refunded with the issuance of the Series 2022A Bonds. An escrow was funded to repay the bonds in full. The refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position. The requisition price exceeded the net carrying amount of the refunded debt by \$156,216, this amount is will be amortized over the life of the 2022A Bonds. The refunding resulted in a net present value savings of \$122,072.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2023

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2022A Bonds.

	Principal	Interest	Total
2024	\$ 40,000	\$ 81,165	\$ 121,165
2025	42,000	79,765	121,765
2026	46,000	78,295	124,295
2027	47,000	76,685	123,685
2028	51,000	75,040	126,040
2029-2032	2,093,000	249,155	2,342,155
	\$2,319,000	\$ 640,105	\$2,959,105

Because of the uncertainty of the timing of the principal and interest payment on the Series 2022B(3) Bonds, no schedule of principal and interest payments is presented.

The following is an analysis of changes in long-term debt for the period ending December 31, 2023:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023	Current Portion
<u>General Obligation Bonds</u>					
Series 2022A Bonds	\$ 2,325,000	\$ -	\$ 6,000	\$ 2,319,000	\$ 40,000
Series 2022B(3) Bonds	766,000	-	-	766,000	-
<u>Other</u>					
Developer advance	490,232	23,934	-	514,166	-
Developer advance interest	12,537	39,621	-	52,158	-
Total	3,593,769	63,555	6,000	3,651,324	40,000

Debt Authorization

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$143,000,000. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$11,000,000. As of December 31, 2023, the District had \$7,865,000 remaining authority under the Service Plan. The District has not budgeted to issue new debt during 2024.

## BRISTOL METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2023

#### Note 4: Other Agreements

##### Operation Funding Agreement

The District and CFAB LLC (the “Developer”) entered into an Operation Funding Agreement on December 7, 2016, with an effective date of November 30, 2016, as amended by that certain First Amendment to Operation Funding Agreement dated December 5, 2018, further amended by the Second Amendment to the Operations Funding Agreement dated November 19, 2020 and further amended by the Amended and Restated Operation Funding Agreement dated November 17, 2022 (collectively, the “OFA”). Pursuant to the OFA, the Developer agrees to advance funds to the District for certain operation and maintenance expenses on a periodic basis, as needed, for years 2016 through 2023 up to \$60,000. The District agrees to repay these advances, together with accrued interest at the rate of 8% per annum. Any obligation of the District to reimburse the Developer expires on December 31, 2061, any amount not reimbursed on that date will be discharged. At December 31, 2023 the balance due under this agreement was \$28,821, including principal of \$27,152 and accrued interest of \$1,669.

##### Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement dated December 7, 2016 with an effective date of November 30, 2016 as amended by that certain First Amendment to Operation Funding Agreement dated December 5, 2018, (the “FFAA”). Pursuant to the FFAA, the Developer agrees to make advances, not to exceed \$2,000,000 to the District for the purpose of funding organization expenses, construction of public improvements and the acquisition of public improvements constructed by the Developer. The District agrees to repay these advances, together with accrued interest at a rate of 8% per annum. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. The FFAA further provides that if the District has not repaid or reimbursed the Developer or any organizational expenses, construction related expenses and/or verified costs by December 31, 2049, any amount or principal and accrued interest outstanding under the FFAA on such date will be deemed forever discharged and satisfied in full. At December 31, 2023, the balance due under this agreement was \$537,503, including principal of \$487,014 and accrued interest of \$50,489.

##### Facilities Acquisition Agreement

On March 19, 2019 the District and Richmond American Homes of Colorado, Inc (the “Buyer”) entered into a Facilities Acquisition Agreement acknowledging the Buyer has entered into a certain Purchase and Sale Agreement with the previous Developer and is now the owner of property located within the District. The Developer retains any and all rights set forth in the Facilities Funding and Acquisition Agreement prior to March 19, 2019 and the Buyer agrees to design, construct, and complete the remaining District Improvements.

BRISTOL METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2023

ARTA Establishment Agreement

On June 6, 2019, the District joined the existing Aurora Regional Transportation Authority (“ARTA”) whereas the District and other member districts collect and convey the ARI Mill Levy, as defined in the Service Plan, to fund Regional Improvements.

Note 5: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. The District has entered into various funding agreements with the Developer, see Note 4.

Note 6: Economic Dependency

The District has not yet established a property tax base sufficient to pay the District’s operating costs. Until a sufficient property tax base is established, the District will be dependent upon funding by the Developer.

Note 7: Tax, Spending and Debt Limitations

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

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

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

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

On November 8, 2016, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

# BRISTOL METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2023

### Note 8: Risk Management

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

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

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

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

- 1) Long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances are not due and payable in the current period and, therefore, are not in the fund, and,
- 2) deferred loss on refunding in government activities are not financial resources and, therefore, are not reported in the funds.

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

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,
- 2) governmental funds report developer advances and/or bond proceeds as revenue and report interest as expenditures; however, these are reported as changes to long-term liabilities on the government-wide financial statements, and
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities, and
- 4) governmental funds report loss on refunding as deferred outflows of resources, however, in the statement of activities the loss on refunding is amortized over the term of the bonds and is included in bond interest expense.

SUPPLEMENTAL INFORMATION

**Bristol Metropolitan District**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND

For the Year Ended December 31, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 130,284	\$ 130,284	\$ 128,070	\$ (2,214)
Property taxes - Regional mill levy	2,603	2,603	2,559	(44)
Specific ownership taxes	9,120	8,550	8,537	(13)
Specific ownership taxes- Regional mill levy	182	170	171	1
Interest income	<u>500</u>	<u>5,188</u>	<u>1,236</u>	<u>(3,952)</u>
Total Revenues	<u>142,689</u>	<u>146,795</u>	<u>140,573</u>	<u>(6,222)</u>
<b>EXPENDITURES</b>				
Bond principal	6,000	6,000	6,000	-
Bond interest expense	122,655	150,285	137,666	12,619
Regional mill levy	2,564	2,734	2,691	43
Contingency	-	4,988	-	4,988
Trustee fees	7,000	7,000	8,000	(1,000)
Treasurer's fees	<u>1,954</u>	<u>1,993</u>	<u>1,960</u>	<u>33</u>
Total Expenditures	<u>140,173</u>	<u>173,000</u>	<u>156,317</u>	<u>16,683</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,516	(26,205)	(15,744)	10,461
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,516	(28,205)	(17,744)	10,461
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	<u>4,424</u>	<u>28,205</u>	<u>28,205</u>	<u>-</u>
END OF YEAR	<u>\$ 6,940</u>	<u>\$ -</u>	<u>\$ 10,461</u>	<u>\$ 10,461</u>

The notes to the financial statements are an integral part of these statements.

**Bristol Metropolitan District**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2023

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Developer advance interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,000</u>	<u>2,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	2,000	2,000
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

The notes to the financial statements are an integral part of these statements.

## OTHER INFORMATION

**Bristol Metropolitan District**

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2023

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>			<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Contractual</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 451,142	66.332	0.000	0.000	\$ 29,925	\$ 29,925	100.00%
2020	\$ 451,111	11.132	55.664	1.113	\$ 30,634	\$ 30,634	100.00%
2021	\$ 809,474	11.132	55.664	1.113	\$ 54,971	\$ 54,971	100.00%
2022	\$ 1,918,720	11.132	55.664	1.113	\$ 130,298	\$ 130,299	100.00%
2023	\$ 2,279,364	11.430	57.158	1.142	\$ 158,940	\$ 156,239	98.30%
Estimated for year ending December 31, 2024	\$ 2,499,849	13.419	67.097	1.341	\$ 204,630		

**NOTE**

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