

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	1
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Financial Statements	6
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	20
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	21
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	22

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Brighton Crossing Metropolitan District No. 6 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Brighton Crossing Metropolitan District No. 6 as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

The District has not yet established a revenue base sufficient to pay its capital expenditures. As discussed in Note 6, the District is dependent upon the Developer of the District's service area to provide funds for such expenditures.

Other Matters

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

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

Sincerely,



Wipfli LLP
September 30, 2020

Lakewood, Colorado

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General</u>	Debt <u>Service</u>	Capital <u>Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Net <u>Position</u>
ASSETS						
Cash and investments	\$ 72,351	\$ -	\$ -	\$ 72,351	\$ -	\$ 72,351
Cash and investments - restricted	10,075	10,949,749	7,319,138	18,278,962	-	18,278,962
Receivable county treasurer	1	7	-	8	-	8
Property taxes receivable	561	2,806	-	3,367	-	3,367
Service fees receivable	15,590	-	-	15,590	-	15,590
Developer receivable	4,772	-	-	4,772	-	4,772
Prepaid expenses	7,876	-	-	7,876	-	7,876
Capital assets not being depreciated	-	-	-	-	25,284,343	25,284,343
Total Assets	<u>111,226</u>	<u>10,952,562</u>	<u>7,319,138</u>	<u>18,382,926</u>	<u>25,284,343</u>	<u>43,667,269</u>
LIABILITIES						
Accounts payable	\$ 13,514	\$ -	\$ 26,500	\$ 40,014	-	40,014
Due to Brighton Crossings Operations Board	79,200	-	-	79,200	-	79,200
Accrued interest on bonds	-	-	-	-	50,434	50,434
Long-term liabilities:						
Due in more than one year	-	-	-	-	44,744,785	44,744,785
Total Liabilities	<u>92,714</u>	<u>-</u>	<u>26,500</u>	<u>119,214</u>	<u>44,795,219</u>	<u>44,914,433</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>561</u>	<u>2,806</u>	<u>-</u>	<u>3,367</u>	<u>-</u>	<u>3,367</u>
Total Deferred Inflows of Resources	<u>561</u>	<u>2,806</u>	<u>-</u>	<u>3,367</u>	<u>-</u>	<u>3,367</u>
FUND BALANCES						
Nonspendable:						
Prepays	7,876	-	-	7,876	(7,876)	-
Restricted:						
Emergencies	10,075	-	-	10,075	(10,075)	-
Debt service	-	10,949,756	-	10,949,756	(10,949,756)	-
Capital projects	-	-	7,292,638	7,292,638	(7,292,638)	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>17,951</u>	<u>10,949,756</u>	<u>7,292,638</u>	<u>18,260,345</u>	<u>(18,260,345)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 111,226</u>	<u>\$ 10,952,562</u>	<u>\$ 7,319,138</u>	<u>\$ 18,382,926</u>		
NET POSITION						
Net investment in capital assets					25,284,343	25,284,343
Restricted for:						
Emergencies					10,075	10,075
Debt service					10,949,756	10,949,756
Capital projects					7,292,638	7,292,638
Unrestricted					<u>(44,787,343)</u>	<u>(44,787,343)</u>
Total Net Position (Deficit)					<u>\$ (1,250,531)</u>	<u>\$ (1,250,531)</u>

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

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

For the Year Ended December 31, 2020

	<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	\$ 21,840	\$ -	\$ -	\$ 21,840	\$ -	\$ 21,840
Engineering	-	-	9,215	9,215	-	9,215
District management/administration	33,480	-	-	33,480	-	33,480
Elections	696	-	-	696	-	696
Insurance	9,082	-	-	9,082	-	9,082
Legal	51,910	-	31,942	83,852	-	83,852
Miscellaneous	2,440	-	-	2,440	-	2,440
Cost of issuance	-	-	1,311,080	1,311,080	-	1,311,080
Bond interest	-	-	-	-	50,434	50,434
Developer advance interest	-	-	105,159	105,159	5,158	110,317
Accepted improvements	-	-	25,284,343	25,284,343	(25,284,343)	-
Capital services	-	-	13,098	13,098	-	13,098
Transfer to Brighton Crossings Operations Board	216,322	-	-	216,322	-	216,322
Total Expenditures	<u>335,770</u>	<u>-</u>	<u>26,754,837</u>	<u>27,090,607</u>	<u>(25,228,751)</u>	<u>1,861,856</u>
PROGRAM REVENUES						
Service fees	<u>335,555</u>	<u>413,630</u>	<u>-</u>	<u>749,185</u>	<u>-</u>	<u>749,185</u>
Total Program Revenues	<u>335,555</u>	<u>413,630</u>	<u>-</u>	<u>749,185</u>	<u>-</u>	<u>749,185</u>
Net Program Income (Expense)	(215)	413,630	(26,754,837)	(26,341,422)	25,228,751	(1,112,671)
GENERAL REVENUES						
Property taxes	250	1,251	-	1,501	-	1,501
Specific ownership taxes	18	92	-	110	-	110
Interest	-	283	274	557	-	557
Total General Revenues	<u>268</u>	<u>1,626</u>	<u>274</u>	<u>2,168</u>	<u>-</u>	<u>2,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	53	415,256	(26,754,563)	(26,339,254)	25,228,751	(1,110,503)
OTHER FINANCING SOURCES (USES)						
Developer advances	-	-	25,330,074	25,330,074	(25,330,074)	-
Repay developer advances	-	-	(25,282,746)	(25,282,746)	25,282,746	-
Bond proceeds	-	-	43,570,000	43,570,000	(43,570,000)	-
Bond premium	-	-	964,373	964,373	(964,373)	-
Transfer (to) from other fund	-	10,534,500	(10,534,500)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,534,500</u>	<u>34,047,201</u>	<u>44,581,701</u>	<u>(44,581,701)</u>	<u>-</u>
CHANGE IN FUND BALANCE	53	10,949,756	7,292,638	18,242,447	(18,242,447)	
CHANGE IN NET POSITION					(1,110,503)	(1,110,503)
FUND BALANCE/NET POSITION:						
BEGINNING OF YEAR	<u>17,898</u>	<u>-</u>	<u>-</u>	<u>17,898</u>	<u>(157,926)</u>	<u>(140,028)</u>
END OF YEAR	<u>\$ 17,951</u>	<u>\$ 10,949,756</u>	<u>\$ 7,292,638</u>	<u>\$ 18,260,345</u>	<u>\$ (19,510,876)</u>	<u>\$ (1,250,531)</u>

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

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

For the Year Ended December 31, 2020

	Original and Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 250	\$ 250	\$ -
Specific ownership taxes	20	18	(2)
Service fees	<u>495,121</u>	<u>335,555</u>	<u>(159,566)</u>
Total Revenues	<u>495,391</u>	<u>335,823</u>	<u>(159,568)</u>
EXPENDITURES			
Accounting and audit	27,840	21,840	6,000
District management/administration	33,480	33,480	-
Elections	1,500	696	804
Insurance	7,500	9,082	(1,582)
Legal	50,000	51,910	(1,910)
Miscellaneous	1,250	2,440	(1,190)
Treasurer's fees	4	-	4
Transfer to Brighton Crossings Operations Board	<u>362,955</u>	<u>216,322</u>	<u>146,633</u>
Total Expenditures	<u>484,529</u>	<u>335,770</u>	<u>148,759</u>
CHANGE IN FUND BALANCE	<u>10,862</u>	<u>53</u>	<u>(10,809)</u>
BEGINNING FUND BALANCE	<u>41,275</u>	<u>17,898</u>	<u>(23,377)</u>
ENDING FUND BALANCE	<u>\$ 52,137</u>	<u>\$ 17,951</u>	<u>\$ (34,186)</u>

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

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

The District is governed by an elected Board of Directors.

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

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

Estimates

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

Deferred Inflows of Resources

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

Original Issue Premium

Original issue premium from the Series 2020A Bonds are being amortized over the respective terms of the bonds using the effective interest rate method. Accumulated amortization of original issue premium amounted to \$0 with an unamortized balance of \$964,373 at December 31, 2020.

Capital Assets

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

Property Taxes

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

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

Long-Term Obligations

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

Fund Equity

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

Nonspendable fund balance

The nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The nonspendable fund balance in the General Fund of \$7,876 represents prepaid expenses.

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$10,075 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$10,949,756 is restricted for the payment of the Series 2020A Bonds (see Note 4) and includes bond proceeds held by the trustee as a “reserve requirement”.

The restricted fund balance in the Capital Projects Fund in the amount of \$7,292,638 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

Net Position

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

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

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

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

The District has a deficit in unrestricted net position.

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

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 72,351
Cash and investments - restricted	18,278,962
	<u>\$ 18,351,313</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 53,760
Investments - COLOTRUST	18,297,553
	<u>\$ 18,351,313</u>

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements December 31, 2020

Note 2: Cash and Investments (continued)

Deposits

Custodial Credit Risk

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

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

Investments

Investment Valuation

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

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 2: Cash and Investments (continued)

As of December 31, 2020, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$18,297,553 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ending December 31, 2020, follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 25,284,343	\$ -	\$ 25,284,343
Total capital assets not being depreciated	-	25,284,343	-	25,284,343
 Total net capital assets	 \$ -	 \$ 25,284,343	 \$ -	 \$ 25,284,343

Upon completion and acceptance, all capital assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance on these transferred assets.

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Obligations

A description of the long-term obligations as of December 31, 2020, is as follows:

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

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

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

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

Public Improvements Acquisition and Reimbursement Agreement (Capital Costs)

On June 29, 2020, the District entered into a Public Improvements Acquisition and Reimbursement Agreement (Agreement) by and between the District and the Developer. The District agreed to reimburse the Developer for District Eligible Costs, together with interest thereon. The obligations to reimburse for District Eligible Costs do not constitute multiple fiscal year financial obligations of the District and are subject to annual appropriation by the District. The accepted District Eligible Costs bear interest at a rate of 6.5% per annum from the date of the District's acceptance. The District Eligible Costs are to be repaid using any legally available revenues, including bond proceeds. As of December 31, 2020, the District had outstanding capital advances totaling \$104,176 and accrued interest due of \$148.

Funding and Reimbursement Agreement (Operations and Maintenance Costs)

A Funding and Reimbursement Agreement was entered into as of June 11, 2019 by and between the District and the Developer. In accordance with the agreement, the Developer agrees to loan to the District an amount of money not to exceed \$100,000. The parties may also increase the loan amount by execution of a supplement to the agreement. The District intends to repay any advances made under this agreement from the proceeds of any revenues determined by the District to be available thereof. This agreement is not considered to be a long-term debt of the District. The indebtedness bears interest at 6.5% per annum. The amounts due are payable from any available revenue but the property tax mill levy is limited to 50 mills. This agreement terminated on December 31, 2020 with all outstanding balances remaining due to the Developer. As of December 31, 2020, the District had outstanding operating advances totaling \$97,541 and accrued interest due of \$8,547.

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Obligations (continued)

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

	Principal	Interest	Total
2021	-	\$ 2,045,369	\$ 2,045,369
2022	-	2,178,500	2,178,500
2023	-	2,178,500	2,178,500
2024	-	2,178,500	2,178,500
2025	-	2,178,500	2,178,500
2026-2030	875,000	10,857,250	11,732,250
2031-2035	3,305,000	10,397,750	13,702,750
2036-2040	6,680,000	9,257,250	15,937,250
2041-2045	11,165,000	7,167,500	18,332,500
2046-2050	21,545,000	3,777,500	25,322,500
	<u>\$ 43,570,000</u>	<u>\$ 52,216,619</u>	<u>\$ 95,786,619</u>

An analysis of changes in long-term obligations for the year ending December 31, 2020, follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
Bonds:					
Series 2020A	\$ -	\$ 43,570,000	\$ -	\$ 43,570,000	\$ -
Premium on Series 2020A	-	964,373	-	964,373	-
Developer advances:					
Capital principal	58,265	25,328,657	(25,282,746)	104,176	-
Capital interest	1,294	104,013	(105,159)	148	-
Operations - principal	86,785	10,756	-	97,541	-
Operations - interest	2,243	6,304	-	8,547	-
Total	<u>\$ 148,587</u>	<u>\$ 69,984,103</u>	<u>\$ (25,387,905)</u>	<u>\$ 44,744,785</u>	<u>\$ -</u>

Debt Authorization

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,560,000,000, at an interest rate not to exceed 15% per annum. As of December 31, 2020, the District had remaining voted debt authorization of approximately \$1,516,430,000. The District has not budgeted to issue new debt during 2021.

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements December 31, 2020

Note 5: Related Parties

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

Note 6: Intergovernmental Agreements

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

Brighton Crossings Authority Establishment Agreement

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

Note 7: Risk Management

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

Note 8: Tax, Spending and Debt Limitations

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

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

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

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

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

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

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

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

Notes to Financial Statements
December 31, 2020

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

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

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

SUPPLEMENTAL INFORMATION

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

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

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,251	\$ 1,251	\$ -
Specific ownership taxes	100	92	(8)
Service fees	416,008	413,630	(2,378)
Interest	<u>172,500</u>	<u>283</u>	<u>(172,217)</u>
Total Revenues	<u>589,859</u>	<u>415,256</u>	<u>(174,603)</u>
EXPENDITURES			
Bond interest	1,568,296	-	1,568,296
Paying agent fees	8,000	-	8,000
Treasurer's fees	19	-	19
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>1,626,315</u>	<u>-</u>	<u>1,626,315</u>
OTHER SOURCES/(USES) OF FUNDS			
Transfer from other fund	<u>7,735,688</u>	<u>10,534,500</u>	<u>2,798,812</u>
NET OTHER SOURCES/(USES) OF FUNDS	<u>7,735,688</u>	<u>10,534,500</u>	<u>2,798,812</u>
CHANGE IN FUND BALANCE	<u>6,699,232</u>	<u>10,949,756</u>	<u>4,250,524</u>
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 6,699,232</u>	<u>\$ 10,949,756</u>	<u>\$ 4,250,524</u>

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest	\$ -	\$ 274	\$ 274
Total Revenues	<u>-</u>	<u>274</u>	<u>274</u>
EXPENDITURES			
Engineering	50,000	9,215	40,785
Legal	50,000	31,942	18,058
Cost of issuance	1,014,849	1,311,080	(296,231)
Accepted improvements	28,415,000	25,284,343	3,130,657
Developer advance interest	-	105,159	(105,159)
Capital services	50,000	13,098	36,902
Contingency	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Expenditures	<u>30,579,849</u>	<u>26,754,837</u>	<u>3,825,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
Expenditures and other uses	<u>(30,579,849)</u>	<u>(26,754,563)</u>	<u>3,825,286</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	28,570,000	25,330,074	(3,239,926)
Repay developer advances	(23,274,463)	(25,282,746)	(2,008,283)
Bond proceeds	33,020,000	43,570,000	10,550,000
Bond premium	-	964,373	964,373
Transfer to other fund	<u>(7,735,688)</u>	<u>(10,534,500)</u>	<u>(2,798,812)</u>
NET OTHER SOURCES OF FUNDS	<u>30,579,849</u>	<u>34,047,201</u>	<u>3,467,352</u>
CHANGE IN FUND BALANCE	-	7,292,638	7,292,638
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 7,292,638</u>	<u>\$ 7,292,638</u>

BRIGHTON CROSSING METROPOLITAN DISTRICT NO. 6

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2020

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

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.