THE BRANDS METROPOLITAN DISTRICT NO. 2
Larimer County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

THE BRANDS METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023

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Independent Auditors' Report

To the Board of Directors
The Brands Metropolitan District No. 2

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Brands Metropolitan District No. 2, as of December 31, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Brands Metropolitan District No. 2 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Brands Metropolitan District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Brands Metropolitan District No. 2's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Brands Metropolitan District No. 2's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Brands Metropolitan District No. 2's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – budget and actual for Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information and continuing disclosure annual financial information, as listed in the table of contents, does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and continuing disclosure annual financial information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Haynie & Company

Littleton, Colorado
July 29, 2024

BASIC FINANCIAL STATEMENTS

THE BRANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 60
Cash and Investments - Restricted	480,587
Due from District No. 1	54,574
Receivable from County Treasurer	1,309
Property Tax Receivable	121,396
Total Assets	657,926
LIABILITIES	
Accrued Interest Payable	2,698
Noncurrent Liabilities:	
Due Within One Year	45,000
Due in More Than One Year	1,375,000
Total Liabilities	1,422,698
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	121,396
Total Deferred Inflows of Resources	121,396
NET POSITION	
Restricted for:	
Debt Service	486,405
Unrestricted	(1,372,573)
Total Net Position	$ (886,168)

See accompanying Notes to Basic Financial Statements.

THE BRANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
Interest on Long-Term Debt and Related Costs	$ 59,595	$ -	$ -	$ 190,218	$ 130,623
Total Governmental Activities	$ 59,595	$ -	$ -	$ 190,218	130,623
GENERAL REVENUES					
Property Taxes					105,776
Specific Ownership Taxes					7,612
Interest Income					614
Total General Revenues					114,002
CHANGES IN NET POSITION					244,625
Net Position - Beginning of Year					(1,130,793)
NET POSITION - END OF YEAR					$ (886,168)

See accompanying Notes to Basic Financial Statements.

THE BRANDS METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 60	$ -	$ 60
Cash and Investments - Restricted	-	480,587	480,587
Receivable from County Treasurer	366	943	1,309
Due from District No. 1	-	54,574	54,574
Property Tax Receivable	-	121,396	121,396
Total Assets	$ 426	$ 657,500	$ 657,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES	$ -	$ -	$ -
Total Liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	-	121,396	121,396
Total Deferred Inflows of Resources	-	121,396	121,396
FUND BALANCES			
Restricted for:			
Debt Service	-	536,104	536,104
Unassigned	426	-	426
Total Fund Balances	426	536,104	536,530
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 426	$ 657,500	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Series 2021A Note			(1,420,000)
Accrued Interest Payable			(2,698)
Net Position of Governmental Activities			$ (886,168)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	$ -	$ 105,776	$ 105,776
Specific Ownership Taxes	-	7,612	7,612
Transfer From District No. 1 - Sales Tax Rebate	-	63,078	63,078
Transfer From District No. 1 - PIF	-	127,140	127,140
Interest Income	-	614	614
Total Revenues	-	304,220	304,220
EXPENDITURES			
Current:			
County Treasurer's Fee	-	2,128	2,128
Miscellaneous	-	19	19
Debt Service:			
Non-Use Fee	-	21,418	21,418
Loan Interest - Series 2021A	-	33,866	33,866
Loan Principal - Series 2021A	-	45,000	45,000
Paying Agent Fees	-	2,250	2,250
Total Expenditures	-	104,681	104,681
NET CHANGE IN FUND BALANCES	-	199,539	199,539
Fund Balances - Beginning of Year	426	336,565	336,991
FUND BALANCES - END OF YEAR	$ 426	$ 536,104	$ 536,530

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds	$ 199,539
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Loan Principal Payments	45,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Loans - Change in Liability	86
Changes in Net Position of Governmental Activities	$ 244,625

See accompanying Notes to Basic Financial Statements.

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES	$ -	$ -	$ -
Total Revenues	-	-	-
EXPENDITURES	-	-	-
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	50	426	376
FUND BALANCE - END OF YEAR	$ 50	$ 426	$ 376

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

The Brands Metropolitan District No. 2 (the District), (formerly known as Eagle Crossing Loveland Metropolitan District No. 2), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Larimer County, Colorado, on January 6, 2015, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations, and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with three other related Districts, The Brands Metropolitan District No.1, No. 3, and No. 4 (formerly known as Eagle Crossing Loveland Metropolitan District No. 1, No. 3, and No. 4). The District, along with The Brands Metropolitan District No. 3 and No. 4, serve as the Financing Districts, which are responsible for providing the tax base needed to support financing of capital improvements. The Brands Metropolitan District No. 1 serves as the Operating District which is responsible for coordinating the financing, construction, and maintenance of all public improvements and other services for the Financing Districts.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 major sources of revenue susceptible to accrual are property taxes and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

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 always on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Deferred Inflows of Resources

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

Fund Balance

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

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

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

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:		
Cash and Investments	$	60
Cash and Investments - Restricted		480,587
Total Cash and Investments	$	480,647

Deposits with Financial Institutions

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

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

At December 31, 2023, the District’s cash deposits had a bank balance and a carrying balance of $480,647.

Investments

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

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2023, the District had no investments.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities					
US Bank Tax-Exempt Loans					
Series 2021A Note	$ 1,465,000	$ -	$ 45,000	$ 1,420,000	$ 45,000
Total	$ 1,465,000	$ -	$ 45,000	$ 1,420,000	$ 45,000

U.S. Bank Tax-Exempt Loans: On April 8, 2021, the District entered into a loan agreement with U.S. Bank National Association (the Bank) to obtain a tax-exempt, nonbank qualified, draw down term loan up to $10,000,000 (Loan). The Loan is due on December 1, 2026, with interest paid semiannually on June 1 and December 1 and principal due on December 1. Proceeds from this Loan were used to repay Developer-paid costs of public improvements, funding the Debt Service Reserve Fund and Capitalized Interest Fund, and cover issue costs. $1,550,000 was drawn upon closing (Series 2021A Note) bearing a 2.28% interest rate. Future draws are based on certain other conditions. A non-use fee of .25% per annum of the unfunded portion of the loan will be due and payable semi-annually.

As of December 31, 2023, the District had an unused line of credit in the amount of $8,450,000 related to the Loan.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Loan is secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, (3) pledged net PIF revenues, (4) pledged net sales tax revenues, (5) pledged PILOT revenues, and (6) any other legally available monies which the District determines to be treated as Pledged Revenue. The Loan is also secured by amounts held by the Trustee in the Reserve Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal and any interest on the Loan as they become due and payable and to make up any deficiencies in the Reserve Fund. The maximum Required Mill Levy is 39.000 mills, adjusted for change in the ratio of actual value to assessed value of property within the District.

The District's long-term obligations relating to the Loan will mature as follows:

Year Ending December 31,	Notes from Direct Borrowings and Direct Placements: Principal	Notes from Direct Borrowings and Direct Placements: Interest	Total
2024	$ 45,000	$ 32,376	$ 77,376
2025	50,000	31,350	81,350
2026	1,325,000	30,210	1,355,210
Total	$ 1,420,000	$ 93,936	$ 1,513,936

Authorized Debt

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 4, 2024 Election	Authorization Used 2021	Authorized But Unused
Streets	$ 10,000,000	$ -	$ 10,000,000
Safety Protection	10,000,000	-	10,000,000
Water	10,000,000	-	10,000,000
Sanitary and Storm Sewer	10,000,000	(1,550,000)	8,450,000
Public Transportation	10,000,000	-	10,000,000
Mosquito Control	10,000,000	-	10,000,000
Fire Protection	10,000,000	-	10,000,000
Television Relay and Translation	10,000,000	-	10,000,000
Security	10,000,000	-	10,000,000
Operations and Maintenance	10,000,000	-	10,000,000
Parks and Recreation	10,000,000	-	10,000,000
Debt Refunding	10,000,000	-	10,000,000
IGA for Public Improvements	10,000,000	-	10,000,000
Private Agreements as Debt	10,000,000	-	10,000,000
Special Assessment	10,000,000	-	10,000,000
Total	$ 150,000,000	$ (1,550,000)	$ 148,450,000

Pursuant to the Service Plan, the maximum general obligation indebtedness for all of Financing Districts (as defined below) combined is to not exceed $10,000,000.

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

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

	Governmental Activities
Restricted Net Position:	
Debt Service	$ 486,405
Total Restricted Net Position	$ 486,405

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of long-term debt and accrued interest issued for public improvements constructed or acquired by District No. 1 (Operating District), for the benefit of the Districts, which public improvements are either owned or maintained by District No. 1 or will be conveyed to other governmental entities.

NOTE 6 AGREEMENTS

District Coordinating Services Agreement (District Nos. 1-4)

On March 27, 2018 (effective January 1, 2018), the District and District Nos. 1-3 entered into a District Coordinating Services Agreement (the Coordinating Services Agreement) for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts (Administrative Services) and costs related to the continued operation and maintenance (O&M Services) of certain public improvements benefitting the Districts, and their residents and taxpayers.

Pursuant to the Coordinating Services Agreement, District No. 1 was designated as the “coordinating district” (the Coordinating District) and the District along with District Nos. 3 – 4 were each designated as “financing districts” (the Financing Districts). The Coordinating District agrees to perform the Administrative Services for the Financing Districts, which include but is not limited to serving as the “official custodian” and repository for the Financing Districts’ records, coordination of all Board meetings, review and preparation of financial reports, analysis of financial conditions, insurance and election administration, budget preparation, and construction administration and supervision, etc. In addition, the Coordinating District will also own, operate and maintain any public improvements not dedicated to other governmental entities including common areas, parks, entry monuments, landscaping, open space tracts, recreational facilities and other community amenities. The Financing Districts shall be responsible for any and all costs, fees, charges and expenses incurred by the Coordinating District in providing the Administrative and O&M Services through the imposition of ad valorem mill levy against the taxable property lying within their respective boundaries.

NOTE 6 AGREEMENTS (CONTINUED)

Common Finance Plan Resolution

On April 7, 2021, District No. 1, No. 3 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the Common Finance Plan Resolution) for the benefit of all Districts. The financial plan of the Districts is to issue such debt as the Districts can reasonably pay for revenues derived from the Maximum Debt Mill Levy and/or any other legally available revenues of the Districts, including without limitation sales tax revenues and public improvement fees expected to be received by the Developer of the Project in accordance with the Business Assistance Agreement with the City of Loveland and remitted by the Developer to the Districts.

District No. 1 had entered into an Infrastructure Acquisition and Reimbursement Agreement (the IARA) with the Developer within the Project Area to reimburse the Developer for certified District eligible costs and acquire any public improvements that is to be owned by District No. 1. Pursuant to the Common Finance Plan Resolution, the District declared its intent, upon issuance of the Loan, to transfer all available revenues to District No. 1 for the payment of such capital costs, including amounts owed by District No. 1 pursuant to the IARA. District Nos. 1 and 3 also entered into Capital Pledge Agreements with the District to support the payment of debt service on the Loan.

Capital Pledge Agreement

On November 8, 2018, the Financing Districts entered into an agreement with US Bank pursuant to which they will impose the required mill levy each year to generate the property tax revenues to be pledged towards the repayment of the US Bank Tax-Exempt Loans (discussed in Note 4 above). District No. 3 and District No. 4 will remit their net tax revenues to the District.

BAA and PIF Revenues Assignment Agreement

On April 8, 2021, the District and District No. 1 have entered into a BAA and PIF Revenues Assignment Agreement whereas in exchange for the District incurring indebtedness in the form of Loans, District No. 1 has agreed to remit all Assigned Revenues (as defined below), net of the annual operation amount, to the District for the benefit of repaying the Series 2021A Note and any additional Loans with U.S. Bank.

District No. 1's Assigned Revenues include the pledged net sales tax revenues and pledged net PIF revenues. For the purpose of providing for costs of the public improvements within the Districts, Eagle Crossing Development Inc. (the "Developer") and the City of Loveland entered into a Business Assistance Agreement Regarding The Brands dated December 21, 2016 (the "Business Assistance Agreement," or "BAA"), pursuant to which the City is required to rebate to the Developer certain City Sales Tax generated within The Brands Project, including but not limited to, the property located within the boundaries of the Districts. Furthermore, pursuant to an Agreement Regarding Remittance of Business Assistance Agreement Revenues and PIF Matters dated April 8, 2021, the Developer has agreed to pay District No. 1 all City Sales Tax payable to the Developer in accordance with the BAA.

NOTE 6 AGREEMENTS (CONTINUED)

BAA and PIF Revenues Assignment Agreement (Continued)

Additionally, the Developer designated District No. 1 as the primary Public Improvement Fees (PIF) recipient in various Designation and Assignment of Primary PIF Recipient agreements, and have assigned all gross PIF Revenues to District No. 1. Gross PIF Revenues mean the revenues derived from the imposition of the PIF on PIF sales initiated, consummated, conducted, transacted, or otherwise occurring within the boundaries of the Financing Districts, payable to District No. 1 in accordance with the provisions of the applicable PIF Covenant and the PIF Assignments, which include (i)) the Designation and Assignment of PIF Revenues Concerning Declaration of Covenants Imposing and Implementing a Public Improvement Fee The Brands – Loveland dated April 6, 2021, between Eagle Crossing Development, Inc and the District No. 1, (ii) the Designation and Assignment of PIF Revenues Concerning Declaration of Covenants Imposing and Implementing a Project Improvement Fee The Brands – Loveland dated April 6, 2021 between Eagle Crossing Development, Inc and District No. 1, and (iii) the Designation and Assignment of PIF Revenues Concerning Declaration of Covenants Imposing and Implementing a Project Improvement Fee Eagle Crossing – Loveland dated April 6, 2021, between Eagle Crossing Development, Inc and District No. 1.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Eagle Crossing Development, Inc. Certain members of the Board of Directors of the Districts are officers or employees of or related to the Developers or an entity affiliated with the Developers or the majority owner of the Developers, and may have conflicts of interest in dealing with the District.

NOTE 8 RISK MANAGEMENT

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

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On November 4, 2014, 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 TABOR.

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. Since the District's net revenue is pledged for debt service, an emergency reserve has not been provided. An emergency reserve has been established in District No. 1's General Fund as of December 31, 2023.

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.

SUPPLEMENTARY INFORMATION

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 105,670	$ 105,776	$ 106
Specific Ownership Taxes	7,397	7,612	215
Transfer From District No. 1 - Sales Tax Rebate	70,000	63,078	(6,922)
Transfer From District No. 1 - PIF	123,985	127,140	3,155
Interest Income	-	614	614
Total Revenues	307,052	304,220	(2,832)
EXPENDITURES			
County Treasurer's Fee	2,113	2,128	(15)
Paying Agent Fees	3,000	2,250	750
Non-Use Fee	22,000	21,418	582
Loan Interest - Series 2021A	33,402	33,866	(464)
Loan Principal - Series 2021A	45,000	45,000	-
Miscellaneous	-	19	(19)
Contingency	4,485	-	4,485
Total Expenditures	110,000	104,681	5,319
NET CHANGE IN FUND BALANCE	197,052	199,539	2,487
Fund Balance - Beginning of Year	316,403	336,565	20,162
FUND BALANCE - END OF YEAR	$ 513,455	$ 536,104	$ 22,649

OTHER INFORMATION

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

	$1,550,000 Tax-Exempt Loan (Series 2021A) Dated April 8, 2021 Interest Rate 2.28% Principal Due December 1 Interest Payable June 1 and December 1		
Year Ended December 31,	Principal	Interest	Total
2024	$ 45,000	$ 32,376	$ 77,376
2025	50,000	31,350	81,350
2026	1,325,000	30,210	1,355,210
Total	$ 1,420,000	$ 93,936	$ 1,513,936

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

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied: General Operations	Total Mills Levied: Debt Service	Total Property Taxes: Levied	Total Property Taxes: Collected	Percent Collected to Levied
2018/2019	$ 709,413	0.0%	39.000	-	$ 27,667	$ 27,667	100.00 %
2019/2020	1,597,573	125.2%	39.000	-	62,305	90,383	145.07 %
2020/2021	1,828,222	14.4%	39.000	-	71,301	71,218	99.88 %
2021/2022	2,410,728	31.9%	-	39.000	94,018	94,683	100.71 %
2022/2023	2,709,494	12.4%	-	39.000	105,670	105,776	100.10 %
Estimated for Year Ending December 31, 2024	$ 2,994,685	10.5%	0.000	40.537	$ 121,396		