

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**Adams County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2016**



**RECEIVED**  
*By the Office of the State Auditor at 1:21 pm, Jun 28, 2017*

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	I
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position.....	1
Statement of Activities .....	2
<b>Fund Financial Statements:</b>	
Governmental Funds	
Balance Sheet - Governmental Funds .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	6
Notes to Financial Statements .....	7
<b>SUPPLEMENTAL INFORMATION</b> .....	19
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	20
<b>OTHER INFORMATION</b> .....	21
Schedule of Debt Service Requirements to Maturity .....	22
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected .....	23



---

Dazzo & Associates, PC

---

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Buckley Ranch Metropolitan District  
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Buckley Ranch Metropolitan District as of and for the year December 31, 2016, 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 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112  
303-905-0809 • [info@dazziocpa.com](mailto:info@dazziocpa.com)

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

## Opinions

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 Buckley Ranch Metropolitan District, as of December 31, 2016, 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.

## Other Matters

### *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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buckley Ranch Metropolitan District's basic financial statements. The budget to actual schedule for the Debt Service Fund (Supplemental Information), the Schedule of Debt Service Requirements to Maturity and the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected (Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relate 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Duzzio & Associates, P.C.*

June 26, 2017

## **BASIC FINANCIAL STATEMENTS**

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and Investments	\$ 49,651
Cash and Investments - Restricted	83,478
Receivable - County Treasurer	1,903
Property taxes receivable	<u>327,151</u>
Total assets	<u>462,183</u>
<b>LIABILITIES</b>	
Accounts payable	9,658
Accrued bond interest payable	13,700
Noncurrent liabilities:	
Due within one year	65,000
Due in more than one year	<u>3,276,424</u>
Total liabilities	<u>3,364,782</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	<u>327,151</u>
Total deferred inflows of resources	<u>327,151</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency reserve	2,700
Unrestricted	<u>(3,232,450)</u>
Total net position	<u><u>\$ (3,229,750)</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 41,906	\$ -	\$ -	\$ -	\$ (41,906)
Interest and related costs on long-term debt	180,043	-	-	-	(180,043)
	<u>\$ 221,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(221,949)</u>
General revenues:					
Property taxes					296,891
Specific ownership taxes					26,623
Net investment income					1,032
Total general revenues					<u>324,546</u>
Change in net position					102,597
Net position - Beginning					<u>(3,332,347)</u>
Net position - Ending					<u>\$ (3,229,750)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Investments	\$ 49,651	\$ -	\$ 49,651
Cash and Investments - Restricted	2,700	80,778	83,478
Receivable - County Treasurer	524	1,379	1,903
Property tax receivable	90,085	237,066	327,151
<b>TOTAL ASSETS</b>	<b>\$ 142,960</b>	<b>\$ 319,223</b>	<b>\$ 462,183</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 8,658	\$ 1,000	\$ 9,658
Total liabilities	8,658	1,000	9,658
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	90,085	237,066	327,151
Total deferred inflows of resources	90,085	237,066	327,151
<b>FUND BALANCES</b>			
Restricted:			
Emergency reserves	2,700	-	2,700
Debt service	-	81,157	81,157
Unassigned	41,517	-	41,517
Total fund balances	44,217	81,157	125,374
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 142,960</b>	<b>\$ 319,223</b>	

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.

Developer advance payable	(523,833)
Accrued interest on Developer advance payable	(77,591)
Bonds payable	(2,740,000)
Accrued bond interest payable	(13,700)
Net position of governmental activities	<b>\$ (3,229,750)</b>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 81,764	\$ 215,127	\$ 296,891
Specific ownership taxes	7,327	19,296	26,623
Net investment income	607	425	1,032
Total revenues	<u>89,698</u>	<u>234,848</u>	<u>324,546</u>
<b>EXPENDITURES</b>			
Current			
Accounting	24,004	-	24,004
Audit	4,000	-	4,000
Legal	8,364	-	8,364
Election	1,466	-	1,466
Insurance and bonds	2,203	-	2,203
Directors' fees	200	-	200
County Treasurer's fees	1,228	3,240	4,468
Dues and subscriptions	416	-	416
Miscellaneous	25	-	25
Debt service			
Bond interest	-	168,000	168,000
Bond principal	-	60,000	60,000
Paying agent fees	-	2,000	2,000
Total expenditures	<u>41,906</u>	<u>233,240</u>	<u>275,146</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>47,792</u>	<u>1,608</u>	<u>49,400</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to other funds	-	7,926	7,926
Transfer from other funds	(7,926)	-	(7,926)
Total other financing sources (uses)	<u>(7,926)</u>	<u>7,926</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	39,866	9,534	49,400
<b>FUND BALANCES - BEGINNING OF YEAR</b>	4,351	71,623	75,974
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 44,217</u>	<u>\$ 81,157</u>	<u>\$ 125,374</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

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

Net changes in fund balances - Total governmental funds	\$	49,400
---	----	--------

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.

Bond principal payment		60,000
Accrued interest on bonds payable - Change in liability		300
Accrued interest on Developer advances - Change in liability		(7,103)
		(7,103)

Changes in net position of governmental activities	\$	102,597
--	----	---------

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 88,949	\$ 81,764	\$ (7,185)
Specific ownership taxes	7,100	7,327	227
Net investment income	50	607	557
Total revenues	<u>96,099</u>	<u>89,698</u>	<u>(6,401)</u>
<b>EXPENDITURES</b>			
Current			
Accounting	20,000	24,004	(4,004)
Audit	4,200	4,000	200
Legal	15,000	8,364	6,636
Election	1,000	1,466	(466)
Insurance and bonds	2,300	2,203	97
Directors' fees	-	200	(200)
County Treasurer's fees	1,330	1,228	102
Dues and subscriptions	300	416	(116)
Miscellaneous	-	25	(25)
Bond Refinancing Alternatives	10,000	-	10,000
Contingency	870	-	870
Total expenditures	<u>55,000</u>	<u>41,906</u>	<u>13,094</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>41,099</u>	<u>47,792</u>	<u>6,693</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	<u>(7,926)</u>	<u>(7,926)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,926)</u>	<u>(7,926)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	33,173	39,866	6,693
<b>FUND BALANCES - BEGINNING OF YEAR</b>	4,146	4,351	205
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 37,319</u>	<u>\$ 44,217</u>	<u>\$ 6,898</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Buckley Ranch Metropolitan District (District), a quasi-municipal corporation, was organized on November 21, 2003, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Commerce City (City) on September 15, 2003. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, transportation, television relay and translator, mosquito control, water facilities, sanitary sewer, and storm drainage.

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-wide and Fund Financial Statements**

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

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 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.

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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 debt of the governmental funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

**Budgets**

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

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

Investments are carried at fair value.

**Property Taxes**

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

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

**Deferred Inflow/Outflow 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Equity**

***Net Position***

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

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. These classifications are defined as follows:

- Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.
- Unrestricted – the component of net position that does not meet the definitions above.

***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.

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *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, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 49,651
Cash and investments - Restricted	<u>83,478</u>
Total cash and investments	<u><u>\$ 133,129</u></u>

Cash and investments as of December 31, 2016 consist of the following:

Deposits with financial institutions	\$ 276
Investments	<u>132,853</u>
Total cash and investments	<u><u>\$ 133,129</u></u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 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, 2016, the District's cash deposits had a bank balance of \$276 and a carrying balance of \$276.

**Investments**

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

**BUCKLEY RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

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

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

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

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

**Fair Value Measurement and Application**

The District categorizes its fair value measurements 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; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District had invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

As of December 31, 2016, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 55,272
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	77,581
		<u>\$ 132,853</u>

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, highest rated commercial paper, certain money market funds and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard and Poor's.

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

**NOTE 4 - LONG-TERM DEBT**

The following is an analysis of the changes in long-term debt for the year ended December 31, 2016:

	<b>Balance at December 31, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at December 31, 2016</b>	<b>Due Within One Year</b>
2006 G.O. Bonds	\$ 2,800,000	\$ -	\$ 60,000	\$ 2,740,000	\$ 65,000
Developer advances	523,833	-	-	523,833	-
Interest on Developer advance - Operations	70,488	7,103	-	77,591	-
	<u>\$ 3,394,321</u>	<u>\$ 7,103</u>	<u>\$ 60,000</u>	<u>\$ 3,341,424</u>	<u>\$ 65,000</u>

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM DEBT (CONTINUED)**

On February 8, 2006, the District issued \$2,850,000 in General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) dated February 8, 2006, for infrastructure improvements. The bonds are term bonds due December 1, 2035, with an interest of 6.00%, paid semiannually on June 1 and December 1. The bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The bonds are subject to mandatory sinking fund redemption on December 1, 2016, and on each December 1 thereafter in increasing amounts annually through maturity. The bonds are payable from pledged revenue, including the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt scheduled payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the required mill levy.

The bonds are secured by the Pledged Revenues and all monies and earnings thereon held in the Funds or accounts created under the terms of the Indenture of Trust dated February 1, 2006, between the District and the Trustee Bank. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy remitted to the District.

The Series 2006 Bonds are further secured by the Reserve Fund in the Required Reserve amount of \$269,700, which will be maintained by the Trustee until the Debt to Assessed Ratio is 50% or less. After such time, the Reserve Fund will be terminated and any monies therein remitted to the Developer pursuant to the terms of the Indenture and the Acquisition Agreements. As of December 31, 2016, the balance in the Reserve Fund was \$77,571.

Pursuant to the Bond Resolution, the District is required to establish a Surplus Fund for the Series 2006 Bonds that will be built up over time from excess pledged revenues to a maximum of \$285,000 in reserve. Monies in the Surplus Fund will be used solely for the purpose of paying the principal or interest on the Series 2006 bonds. The Surplus Fund will be released to the District at such time that the ratio of debt to assessed valuation is equal to or less than 50%, at which time remaining funds in the Surplus Fund may be used by the District for any lawful purpose. At December 31, 2016, the Surplus Fund had a balance of \$-0- as all funds were used to replenish the Reserve fund or make Debt Service payments.

Prior to the time when the debt to assessed ratio is less than 50%, the District is required to impose a mill levy sufficient to pay principal and interest on the bonds as they come due and to make up any deficiencies in the Reserve Fund, but not less than 41.500 mills or more than 50.000 mills, as adjusted by the Gallagher amendment, on the assessed valuation of the District.

The maximum adjusted mill levy the District can impose for debt service is 50.000 mills. At December 31, 2016, the District levied 69 mills for 2017 collections, 19 mills for operations and 50 mills for debt service.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - LONG-TERM DEBT (CONTINUED)**

Outstanding bond principal and interest mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 65,000	\$ 164,400	\$ 229,400
2018	70,000	160,500	230,500
2019	75,000	156,300	231,300
2020	85,000	151,800	236,800
2021	90,000	146,700	236,700
2021-2020	580,000	642,300	1,222,300
2026-2030	845,000	438,300	1,283,300
2031-2035	930,000	144,000	1,074,000
	<u>\$ 2,740,000</u>	<u>\$ 2,004,300</u>	<u>\$ 4,744,300</u>

**Developer Advances**

On March 23, 2004, the District entered into an Advance and Reimbursement Agreement with SW Chambers, LLC (the Developer) to repay the Developer for organizational and operational and maintenance costs. The District shall repay operational advances plus 7%, subject to the annual appropriation of funds by the District, upon a determination by the Board that funds are available for this repayment. The District shall repay capital advances and organization costs without interest, subject to the annual appropriation of funds by the District upon a determination by the Board that funds are available for the repayment. At December 31, 2016, the District owed the Developer \$101,482 plus \$77,592 accrued interest for operations advances, \$269,700 for capital repayments currently being held in the Debt Service reserve, \$128,617 for capital acquisitions and \$24,034 for organizational advances under the terms of this agreement.

Pursuant to the terms defined in the Indenture of Trust for the Series 2006 Bonds, \$269,700 of capital repayments were withheld from the Developer to establish a Reserve Fund to further secure the bonds. The Developer is not entitled to receive interest earnings on the Reserve Fund and will receive the remaining balance of the Reserve Fund when the Debt to Assessed Ratio of the District is 50% or less.

On May 27, 2004, an Infrastructure Acquisition Agreement between the District and Beazer Homes Holding Corp., with partial assignment to SW Chambers, LLC, was entered into to pay acquisitions made by the Developer, without interest, for capital improvement costs. The District's repayment obligation pursuant to this agreement is subject to annual appropriation. As of December 31, 2016, outstanding acquisitions due to the Developer totaled \$128,617.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - LONG-TERM DEBT (CONTINUED)**

**Authorized Debt**

On November 4, 2003, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$25,804,400 at an interest rate not to exceed 18% per annum. At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts for the following purposes:

	<b>Authorized November 4, 2003 Election</b>	<b>Authorization Used, Series 2006</b>	<b>Remaining at December 31, 2015</b>
Street improvements	\$ 4,200,000	\$ 1,295,000	\$ 2,905,000
Traffic and safety controls	120,000	30,000	90,000
Water supply	2,250,200	610,000	1,640,200
Sanitary supply	4,100,000	915,000	3,185,000
Parks and recreational facilities	1,202,000	-	1,202,000
Public transportation system	350,000	-	350,000
Television relay and translation system	530,000	-	530,000
Mosquito control	100,000	-	100,000
Operations and maintenance	100,000	-	100,000
Bond refunding	12,852,200	-	12,852,200
	<u>\$ 25,804,400</u>	<u>\$ 2,850,000</u>	<u>\$ 22,954,400</u>

The service plan limits the District's debt service to a maximum mill levy of 50.000 mills, provided, however, that in the event the method of calculating the assessed valuation is changed after the date of the approved service plan, the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes.

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

**NOTE 5 - RELATED PARTIES**

Certain members of the Board of Directors of the District are employees of, or associated with Richmond American Homes, Inc., the homebuilder and owner of the parcel of land that is currently under development.

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 6 - NET POSITION**

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

Restricted net position includes net position that is 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.

	<b><u>Governmental Activities</u></b>
Restricted assets:	
Emergency reserves	\$ <u>2,700</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to other governmental entities.

**NOTE 7 - INTERFUND TRANSFERS**

The transfer from the General Fund to Debt Service Fund was to replenish the Debt Service Fund for prior transfers to the General Fund.

**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 (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, workers compensation, and 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.

**BUCKLEY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to 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.

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.

On November 7, 2006, District voters authorized the District to increase property taxes \$750,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

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

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTAL INFORMATION**

**BUCKLEY RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 234,077	\$ 215,127	\$ (18,950)
Specific ownership taxes	18,700	19,296	596
Net investment income	130	425	295
Total revenues	<u>252,907</u>	<u>234,848</u>	<u>(18,059)</u>
<b>EXPENDITURES</b>			
Debt service			
County Treasurer's fees	3,510	3,240	270
Contingency	2,290	-	2,290
Bond principal	60,000	60,000	-
Bond interest	168,000	168,000	-
Paying agent fees	2,200	2,000	200
Total expenditures	<u>236,000</u>	<u>233,240</u>	<u>2,760</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	<u>7,926</u>	<u>7,926</u>	<u>-</u>
Total other financing sources (uses)	<u>7,926</u>	<u>7,926</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	24,833	9,534	(15,299)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>70,119</u>	<u>71,623</u>	<u>1,504</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 94,952</u>	<u>\$ 81,157</u>	<u>\$ (13,795)</u>

## **OTHER INFORMATION**

**BUCKLEY RANCH METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2016**

<b>\$2,850,000</b>			
<b>General Obligation Bonds</b>			
<b>Series 2006</b>			
<b>Dated February 8, 2006</b>			
<b>Principal Due December 1</b>			
<b>Interest Rate 6.00% Payable</b>			
<b>June 1 and December 1</b>			
<u><b>Year Ended December 31,</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
2017	\$ 65,000	\$ 164,400	\$ 229,400
2018	70,000	160,500	230,500
2019	75,000	156,300	231,300
2020	85,000	151,800	236,800
2021	90,000	146,700	236,700
2022	100,000	141,300	241,300
2023	105,000	135,300	240,300
2024	115,000	129,000	244,000
2025	125,000	122,100	247,100
2026	135,000	114,600	249,600
2027	145,000	106,500	251,500
2028	160,000	97,800	257,800
2029	165,000	88,200	253,200
2030	180,000	78,300	258,300
2031	195,000	67,500	262,500
2032	210,000	55,800	265,800
2033	225,000	43,200	268,200
2034	240,000	29,700	269,700
2035	255,000	15,300	270,300
	<u><u>\$ 2,740,000</u></u>	<u><u>\$ 2,004,300</u></u>	<u><u>\$ 4,744,300</u></u>

The Series 2006 Bonds are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2016, with no redemption premium.

**BUCKLEY RANCH METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>Operations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 1,478,340	19.000	50.000	\$ 102,005	\$ 102,012	100.01%
2013	\$ 1,478,340	19.000	50.000	\$ 102,005	\$ 102,006	100.00%
2014	\$ 2,015,290	19.000	50.000	\$ 139,056	\$ 139,056	100.00%
2015	\$ 2,856,640	19.000	50.000	\$ 197,108	\$ 197,108	100.00%
2016	\$ 4,681,530	19.000	50.000	\$ 323,026	\$ 296,891	91.91%
Estimated for the year ending December 31, 2017	\$ 4,741,320	19.000	50.000	\$ 327,151		

**NOTE:**

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