

BUCKLEY RANCH METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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July 18, 2018

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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, 2017, 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.

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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, 2017, 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.

Dussio & Associates, P.C.

July 5, 2018

BASIC FINANCIAL STATEMENTS

BUCKLEY RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and Investments	\$ 101,092
Cash and Investments - Restricted	34,812
Receivable - County Treasurer	2,568
Prepaid items	2,251
Property taxes receivable	344,527
Total assets	485,250
LIABILITIES	
Accounts payable	5,101
Accrued bond interest payable	7,400
Noncurrent liabilities:	
Due within one year	115,000
Due in more than one year	2,660,000
Total liabilities	2,787,501
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	344,527
Total deferred inflows of resources	344,527
NET POSITION	
Restricted for:	
Emergency reserve	2,900
Debt service	26,374
Unrestricted	(2,676,052)
Total net position	\$ (2,646,778)

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, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 38,813	\$ -	\$ -	\$ -	\$ (38,813)
Interest and related costs on long-term debt	254,117	-	-	-	(254,117)
	<u>\$ 292,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(292,930)</u>
General revenues:					
Property taxes					315,043
Specific ownership taxes					31,542
Net investment income					2,281
Special items:					
Forgiveness and cancellation of debt					527,036
Total general revenues					<u>875,902</u>
Change in net position					582,972
Net position - Beginning					(3,229,750)
Net position - Ending					<u>\$ (2,646,778)</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, 2017**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 101,092	\$ -	\$ 101,092
Cash and Investments - Restricted	2,900	31,912	34,812
Receivable - County Treasurer	706	1,862	2,568
Property tax receivable	130,920	213,607	344,527
Prepaid insurance	2,251	-	2,251
TOTAL ASSETS	\$ 237,869	\$ 247,381	\$ 485,250
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 5,101	\$ -	\$ 5,101
Total liabilities	5,101	-	5,101
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	130,920	213,607	344,527
Total deferred inflows of resources	130,920	213,607	344,527
FUND BALANCES			
Nonspendable:			
Prepaid expenses	2,251	-	2,251
Restricted:			
Emergency reserves	2,900	-	2,900
Debt service	-	33,774	33,774
Unassigned	96,697	-	96,697
Total fund balances	101,848	33,774	135,622
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 237,869	\$ 247,381	

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.

Bonds payable	(2,775,000)
Accrued bond interest payable	(7,400)
Net position of governmental activities	\$ (2,646,778)

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, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 86,763	\$ 228,280	\$ 315,043
Specific ownership taxes	8,668	22,874	31,542
Net investment income	1,013	1,268	2,281
Total revenues	<u>96,444</u>	<u>252,422</u>	<u>348,866</u>
EXPENDITURES			
Current			
Accounting	17,706	-	17,706
Audit	4,000	-	4,000
Legal	10,618	-	10,618
Insurance and bonds	2,258	-	2,258
Directors' fees	800	-	800
County Treasurer's fees	1,303	3,424	4,727
Dues and subscriptions	325	-	325
Payroll taxes	62	-	62
Bond refinancing activities	1,741	-	1,741
Debt service			
Bond interest - Series 2006	-	82,200	82,200
Bond interest - Series 2017	-	38,522	38,522
Bond principal - Series 2017	-	95,000	95,000
Bond issue costs	-	116,461	116,461
Total expenditures	<u>38,813</u>	<u>335,607</u>	<u>374,420</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>57,631</u>	<u>(83,185)</u>	<u>(25,554)</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance	-	2,870,000	2,870,000
Payment to refunding escrow	-	(2,756,440)	(2,756,440)
Developer advance settlement	-	(77,758)	(77,758)
Total other financing sources (uses)	<u>-</u>	<u>35,802</u>	<u>35,802</u>
NET CHANGE IN FUND BALANCES	57,631	(47,383)	10,248
FUND BALANCES - BEGINNING OF YEAR	<u>44,217</u>	<u>81,157</u>	<u>125,374</u>
FUND BALANCES - END OF YEAR	<u>\$ 101,848</u>	<u>\$ 33,774</u>	<u>\$ 135,622</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, 2017**

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

Net changes in fund balances - Total governmental funds	\$	10,248
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Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond issuance		(2,870,000)
Bond principal payment		95,000
Bond principal refunded		2,740,000
Forgiveness and cancellation of debt - developer advances		527,036
Developer advance settlement		77,758

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 bonds payable - Change in liability		6,300
Accrued interest on Developer advances - Change in liability		(3,370)

Changes in net position of governmental activities	\$	<u>582,972</u>
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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, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 90,085	\$ 86,763	\$ (3,322)
Specific ownership taxes	7,200	8,668	1,468
Net investment income	400	1,013	613
Total revenues	<u>97,685</u>	<u>96,444</u>	<u>(1,241)</u>
EXPENDITURES			
Current			
Accounting	25,000	17,706	7,294
Audit	4,000	4,000	-
Legal	25,000	10,618	14,382
Insurance and bonds	2,400	2,258	142
Directors' fees	-	800	(800)
County Treasurer's fees	1,355	1,303	52
Dues and subscriptions	450	325	125
Payroll taxes	-	62	(62)
Bond Refinancing Alternatives	10,000	1,741	8,259
Contingency	1,795	-	1,795
Total expenditures	<u>70,000</u>	<u>38,813</u>	<u>31,187</u>
NET CHANGE IN FUND BALANCE	27,685	57,631	29,946
FUND BALANCES - BEGINNING OF YEAR	44,110	44,217	107
FUND BALANCES - END OF YEAR	<u>\$ 71,795</u>	<u>\$ 101,848</u>	<u>\$ 30,053</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, 2017

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, 2017

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. 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.

The District amended its budget during the year ended December 31, 2017.

BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 two components: restricted and unrestricted. These classifications are defined as follows:

- 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.
- *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.

BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 101,092
Cash and investments - Restricted	<u>34,812</u>
Total cash and investments	<u>\$ 135,904</u>

Cash and investments as of December 31, 2017 consist of the following:

Deposits with financial institutions	\$ 1,414
Investments	<u>134,490</u>
Total cash and investments	<u>\$ 135,904</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, 2017, the District's cash deposits had a bank balance and a carrying balance of \$1,414.

Investments

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

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

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

**BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . 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

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 134,490
		<u>\$ 134,490</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. 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 & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - LONG-TERM DEBT

The following is an analysis of the changes in long-term debt for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
2006 G.O. Bonds	\$ 2,740,000	\$ -	\$ 2,740,000	\$ -	\$ -
2017 G.O. Bonds	-	2,870,000	95,000	2,775,000	115,000
Developer advances	523,833	-	523,833	-	-
Interest on Developer advance - Operations	77,591	3,370	80,961	-	-
	<u>\$ 3,341,424</u>	<u>\$ 2,873,370</u>	<u>\$ 3,439,794</u>	<u>\$ 2,775,000</u>	<u>\$ 115,000</u>

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.

On June 30, 2017, the District paid \$2,740,000 of General Obligation Limited Tax Refunding and Improvement Bonds Dated February 8, 2006, with an average interest rate of 6% by the issuance of \$2,870,000 General Obligation Refunding Bonds Dated June 28, 2017 with an average interest rate of 3.2%. The District refunded the 2006 Series bonds to reduce its total debt service payments over the term of the debt by \$834,378, and to obtain an economic gain of almost \$600,000. Restrictions on the monies restricted for interest payments and the reserve account pertaining to the prior bonds were removed.

The Series 2017 Bond is 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, 2022, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The bonds are payable from pledged revenue, including the District's 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.

The maximum adjusted mill levy the District can impose for debt service is 55.278 mills. At December 31, 2017, the District levied 50 mills for 2018 collections, 19 mills for operations and 31 mills for debt service.

**BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - LONG-TERM DEBT (CONTINUED)

Outstanding bond principal and interest mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 115,000	\$ 88,800	\$ 203,800
2019	120,000	85,120	205,120
2020	125,000	81,280	206,280
2021	130,000	77,280	207,280
2022	130,000	73,120	203,120
2023-2027	725,000	300,000	1,025,000
2028-2032	850,000	176,000	1,026,000
2033-2035	580,000	37,600	617,600
	<u>\$ 2,775,000</u>	<u>\$ 919,200</u>	<u>\$ 3,694,200</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.

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.

On June 21, 2017, the District entered into a Satisfaction and Release agreement with the Developer, under the terms of which the District agreed to remit the \$77,758 in the reserve account at the time of bond refunding, and the Developer agreed to waive any rights it may have under the prior Infrastructure Acquisition agreement, as well as the Advance and Reimbursement Agreement. The Satisfaction and Release agreement terminated both the Advance and Reimbursement Agreement and the Infrastructure Acquisition Agreement. The total amount the Developer agreed to waive was \$527,036.

**BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

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, 2017, the District had authorized but unissued indebtedness in the following amounts for the following purposes:

	Authorized November 4, 2003 Election	Authorization Used, Series 2006	Authorization Used, Series 2017	Remaining at December 31, 2017
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	-	130,000	12,722,200
	<u>\$ 25,804,400</u>	<u>\$ 2,850,000</u>	<u>\$ 130,000</u>	<u>\$ 22,824,400</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.

During 2017, the residential assessment rate was changed from 7.96% to 7.20%. The Service Plan limitation of 50.000 mills has been adjusted to 55.278 mills.

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.

BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - 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.

	<u>Governmental Activities</u>
Restricted assets:	
Emergency reserves	\$ 2,900
Debt service	26,374
	<u>\$ 29,274</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 6 - 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.

NOTE 7 - 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.

BUCKLEY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

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, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 237,066	\$ 237,066	\$ 228,280	\$ (8,786)
Specific ownership taxes	19,000	21,806	22,874	1,068
Net investment income	150	1,200	1,268	68
Total revenues	<u>256,216</u>	<u>260,072</u>	<u>252,422</u>	<u>(7,650)</u>
EXPENDITURES				
Debt service				
County Treasurer's fees	3,560	3,556	3,424	132
Contingency	1,340	7,863	-	7,863
Bond principal - Series 2006	65,000	-	-	-
Bond interest - Series 2006	164,400	82,200	82,200	-
Bond interest - Series 2017	-	38,522	38,522	-
Bond principal - Series 2017	-	95,000	95,000	-
Bond issue costs	-	116,461	116,461	-
Paying agent fees	2,200	2,200	-	2,200
Total expenditures	<u>236,500</u>	<u>345,802</u>	<u>335,607</u>	<u>10,195</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>19,716</u>	<u>(85,730)</u>	<u>(83,185)</u>	<u>2,545</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	2,870,000	2,870,000	-
Payment to refunding escrow	-	(2,756,440)	(2,756,440)	-
Repay developer advance	-	(77,758)	(77,758)	-
Total other financing sources (uses)	<u>-</u>	<u>35,802</u>	<u>35,802</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	19,716	(49,928)	(47,383)	2,545
FUND BALANCES - BEGINNING OF YEAR	<u>80,673</u>	<u>81,157</u>	<u>81,157</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 100,389</u>	<u>\$ 31,229</u>	<u>\$ 33,774</u>	<u>\$ 2,545</u>

OTHER INFORMATION

BUCKLEY RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

<u>Year Ended December 31,</u>	\$2,850,000 General Obligation Bonds Series 2017 Dated June 30, 2017 Principal Due December 1 Interest Rate 3.20% Payable June 1 and December 1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 115,000	\$ 88,800	\$ 203,800
2019	120,000	85,120	205,120
2020	125,000	81,280	206,280
2021	130,000	77,280	207,280
2022	130,000	73,120	203,120
2023	135,000	68,960	203,960
2024	140,000	64,640	204,640
2025	145,000	60,160	205,160
2026	150,000	55,520	205,520
2027	155,000	50,720	205,720
2028	160,000	45,760	205,760
2029	165,000	40,640	205,640
2030	170,000	35,360	205,360
2031	175,000	29,920	204,920
2032	180,000	24,320	204,320
2033	185,000	18,560	203,560
2034	195,000	12,640	207,640
2035	200,000	6,400	206,400
	<u>\$ 2,775,000</u>	<u>\$ 919,200</u>	<u>\$ 3,694,200</u>

The Series 2017 Bonds are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2022, with no redemption premium.

**BUCKLEY RANCH METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

<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>	
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%
2017	\$ 4,741,320	19.000	50.000	\$ 327,151	\$ 315,043	96.30%
Estimated for the year ending December 31, 2018	\$ 6,890,540	19.000	31.000	\$ 344,527		

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.