

**BNC METROPOLITAN DISTRICT NO. 1**  
**City of Commerce City, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**BNC METROPOLITAN DISTRICT NO. 1  
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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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## **Independent Auditor's Report**

Members of the Board of Directors  
BNC Metropolitan District No. 1  
City of Commerce City, Colorado

We have audited the accompanying financial statements of the governmental activities and the major funds of BNC Metropolitan District No. 1 as of and for the year ended December 31, 2018 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 of 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.

### **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 the major funds of BNC Metropolitan District No. 1, as of December 31, 2018 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.



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## **Other Matters**

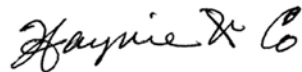
### *Required Supplementary Information*

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 an opinion on the financial statements that collectively comprise BNC Metropolitan District No. 1's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
July 17, 2019

## **BASIC FINANCIAL STATEMENTS**

**BNC METROPOLITAN DISTRICT NO. 1  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 35,825
Cash and Investments - Restricted	4,283,470
Receivable - County Treasurer	5,370
Property Taxes Receivable	817,392
Prepaid Expense	3,428
Capital Assets, Net:	
Parks and Recreation	1,405,288
Construction in Progress	347,803
Total Assets	6,898,576
<b>LIABILITIES</b>	
Accounts Payable	2,958
Accrued Interest Payable	35,958
Noncurrent Liabilities:	
Due Within One Year	180,000
Due in More Than One Year	13,152,949
Total Liabilities	13,371,865
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	817,392
Total Deferred Inflows of Resources	817,392
<b>NET POSITION</b>	
Net Investment in Capital Assets	(4,649,766)
Restricted for:	
Emergency Reserve	4,600
Unrestricted	(2,645,515)
Total Net Position	\$ (7,290,681)

See accompanying Notes to Basic Financial Statements.



**BNC METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 35,825	\$ -	\$ -	\$ 35,825
Cash and Investments - Restricted	4,600	327,436	3,951,434	4,283,470
Receivable - County Treasurer	-	5,370	-	5,370
Prepaid Expenses	3,428	-	-	3,428
Due from Other Funds	8,129	-	-	8,129
Property Taxes Receivable	168,668	648,724	-	817,392
Total Assets	\$ 220,650	\$ 981,530	\$ 3,951,434	\$ 5,153,614
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,958	\$ -	\$ -	\$ 2,958
Due to Other Funds	-	-	8,129	8,129
Total Liabilities	2,958	-	8,129	11,087
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	168,668	648,724	-	817,392
Total Deferred Inflows of Resources	168,668	648,724	-	817,392
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Amounts	3,428	-	-	3,428
Restricted for:				
Emergencies (TABOR)	4,600	-	-	4,600
Debt Service	-	332,806	-	332,806
Committed for:				
Capital Projects	-	-	3,943,305	3,943,305
Unassigned:				
General Government	40,996	-	-	40,996
Total Fund Balance	49,024	332,806	3,943,305	4,325,135
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 220,650	\$ 981,530	\$ 3,951,434	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

1,753,091

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	(10,205,000)
Subordinate Bonds Payable	(1,641,000)
Accrued Interest Payable - 2017A Bonds	(35,958)
Accrued Interest Payable - 2017B Subordinate Bonds	(140,523)
Bond Premium	(538,152)
Developer Advance Payable	(340,350)
Accrued Interest Payable - Developer Advances	(467,924)

Net Position of Governmental Activities

\$ (7,290,681)

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 150,943	\$ 580,612	\$ -	\$ 731,555
Developer Advance	-	-	347,803	347,803
Specific Ownership Taxes	-	62,277	-	62,277
Interest Income	15	8,396	72,429	80,840
Total Revenues	<u>150,958</u>	<u>651,285</u>	<u>420,232</u>	<u>1,222,475</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	28,729	-	-	28,729
Audit	4,400	-	-	4,400
County Treasurer's Fees	2,264	8,710	-	10,974
District Management	17,805	-	-	17,805
Dues and Memberships	340	-	-	340
Election	884	-	-	884
Insurance and Bonds	3,301	-	-	3,301
Legal Services	19,633	-	-	19,633
Miscellaneous	951	-	-	951
Mosquito Control	1,750	-	-	1,750
Debt Service:				
Bond Principal - Series 2017A	-	135,000	-	135,000
Bond Interest - Series 2017A	-	435,630	-	435,630
Bond Interest - Series 2017B	-	63,000	-	63,000
Paying Agent Fees	-	5,500	-	5,500
Capital Projects:				
Streets and Roadways	-	-	347,803	347,803
Engineering	-	-	8,129	8,129
Miscellaneous	-	-	45	45
Total Expenditures	<u>80,057</u>	<u>647,840</u>	<u>355,977</u>	<u>1,083,874</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	70,901	3,445	64,255	138,601
<b>OTHER FINANCING SOURCES (USES)</b>				
Repayment of Developer Advances - Principal	(31,000)	-	(347,803)	(378,803)
Repayment of Developer Advances - Interest	-	-	(25,918)	(25,918)
Transfer from (To) Other Funds	-	(24,402)	24,402	-
Total Other Financing Sources (Uses)	<u>(31,000)</u>	<u>(24,402)</u>	<u>(349,319)</u>	<u>(404,721)</u>
<b>NET CHANGE IN FUND BALANCE</b>	39,901	(20,957)	(285,064)	(266,120)
Fund Balance - Beginning of Year	<u>9,123</u>	<u>353,763</u>	<u>4,228,369</u>	<u>4,591,255</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 49,024</u>	<u>\$ 332,806</u>	<u>\$ 3,943,305</u>	<u>\$ 4,325,135</u>

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (266,120)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is reported as an asset. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year.

Capital Outlay	347,803
Depreciation Expense	(112,353)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of 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. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond Principal Payment - Series 2017A	135,000
Developer Advance	(347,803)
Developer Advance Principal Payment	378,803
Developer Advance Interest Payment	25,918

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 Developer Advance - Change in Liability	(55,627)
Accrued Interest on Long-Term Debt - Change in Liability	(120,686)
Current Year Portion of Bond Premium Discount	31,069

Changes in Net Position of Governmental Activities	\$ 16,004
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**BNC METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 150,956	\$ 150,956	\$ 150,943	\$ (13)
Interest Income	15	15	15	-
Total Revenues	<u>150,971</u>	<u>150,971</u>	<u>150,958</u>	<u>(13)</u>
<b>EXPENDITURES</b>				
Accounting	15,000	28,000	28,729	(729)
Audit	4,200	4,200	4,400	(200)
County Treasurer's Fees	2,264	2,264	2,264	-
District Management	14,000	14,000	17,805	(3,805)
Dues and Memberships	400	400	340	60
Election	1,000	1,000	884	116
Insurance and Bonds	4,200	4,200	3,301	899
Legal Services	7,000	17,500	19,633	(2,133)
Miscellaneous	1,000	1,000	951	49
Mosquito Control	1,600	1,600	1,750	(150)
Pool Lift	10,000	10,000	-	10,000
Contingency	836	836	-	836
Total Expenditures	<u>61,500</u>	<u>85,000</u>	<u>80,057</u>	<u>4,943</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	89,471	65,971	70,901	4,930
<b>OTHER FINANCING SOURCES (USES)</b>				
Repayment of Developer Advance - Principal	(31,000)	(31,000)	(31,000)	-
Total Other Financing Sources (Uses)	<u>(31,000)</u>	<u>(31,000)</u>	<u>(31,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	58,471	34,971	39,901	4,930
Fund Balance - Beginning of Year	<u>19,419</u>	<u>9,123</u>	<u>9,123</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 77,890</u>	<u>\$ 44,094</u>	<u>\$ 49,024</u>	<u>\$ 4,930</u>

See accompanying Notes to Basic Financial Statements.

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

BNC Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County issued on November 30, 2000, and recorded on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Commerce City (City) on September 15, 2003. The District's service area is located in Adams County, Colorado, entirely within the City. The District was established to provide financing for the acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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.

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Government-Wide and Fund Financial Statements (Continued)**

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

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.

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 after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property 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 is due.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 has amended its annual budget for the year ended December 31, 2018.

**Pooled Cash and Investments**

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

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is certified to the County Commissioners by the District's Board of Directors on or before December 15 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.

**Capital Assets**

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful life:

Parks and Recreation	25 Years
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**Amortization**

**Bond Premiums**

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Facilities Fees**

Facilities fees of \$2,000 per residential unit are charged against properties within the District. The facility fee is due at the time of issuance of a building permit. The District records the facilities fees as revenue when received.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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.

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Fund Balance**

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

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

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

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

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

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

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

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 35,825
Cash and Investments - Restricted	4,283,470
Total Cash and Investments	<u>\$ 4,319,295</u>

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	\$ 58,734
Investments	<u>4,260,561</u>
Total Cash and Investments	<u><u>\$ 4,319,295</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, 2018, the District's cash deposits had a bank balance of \$72,688 and a carrying balance of \$58,734.

**Investments**

The District adopted a formal investment policy on December 20, 2005, which states the District shall follow 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.

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Investments (Continued)**

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements 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, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Average of 60 days or less	<u>\$ 4,260,561</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.

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in property for the period ended December 31, 2018, follows:

	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 347,803	\$ -	\$ 347,803
Total Capital Assets, Being Depreciated	-	347,803	-	347,803
Capital Assets, Being Depreciated:				
Parks and Recreation	2,810,929	-	-	2,810,929
Total Capital Assets, Being Depreciated	2,810,929	-	-	2,810,929
Less Accumulated Depreciation For:				
Parks and Recreation	(1,293,288)	(112,353)	-	(1,405,641)
Total Accumulated Depreciation	(1,293,288)	(112,353)	-	(1,405,641)
Total Capital Assets, Being Depreciated, Net	1,517,641	(112,353)	-	1,405,288
Total Capital Assets	<u>\$ 1,517,641</u>	<u>\$ 235,450</u>	<u>\$ -</u>	<u>\$ 1,753,091</u>

Water and sanitary sewer facilities have been completed and transferred to South Adams Water and Sanitation District. Additionally, streets and storm drainage improvements were completed and transferred to the City. The District owns the parks and recreation facilities which are operated, maintained, and managed by the HOA.

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2018:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
G.O. Refunding and Improvement Bonds Payable					
Series 2017A	\$ 10,340,000	\$ -	\$ 135,000	\$ 10,205,000	\$ 180,000
Subordinate Bonds Payable					
Series 2017B	1,641,000	-	-	1,641,000	-
Accrued Interest on Subordinate Bonds	-	140,523	-	140,523	-
Bond Premium	569,221	-	31,069	538,152	-
Developer Advance:					
Principal	371,350	347,803	378,803	340,350	-
Accrued interest	438,215	55,627	25,918	467,924	-
Total	<u>\$ 13,359,786</u>	<u>\$ 543,953</u>	<u>\$ 570,790</u>	<u>\$ 13,332,949</u>	<u>\$ 180,000</u>

**\$10,340,000 General Obligation (Limited Tax convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2017A (the 2017A Bonds)**

**\$1,641,000 Subordinate General Obligation Limited Tax Bonds, Series 2017B (the 2017B Bonds)**

The District issued the 2017A Bonds and the 2017B Bonds on November 2, 2017, in the amounts of \$10,340,000 and \$1,641,000, respectively. The proceeds from the sale of the Senior Bonds will be used to: (i) refund the District's Series 2013 Promissory Note and its Subordinate General Obligation Limited Tax Bonds, Series 2013; (ii) pay project costs; (iii) fund the Senior Reserve Fund; and, (iv) pay the costs of issuing the 2017A and 2017B Bonds. Proceeds from the sale of the 2017B Bonds were used for the purpose of funding a portion of the project costs.

The 2017A Bonds bear interest at rates ranging from 3.75% to 5.00%, payable semi-annually on June 1 and December 1, beginning on December 1, 2017. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2018. The 2017A Bonds mature on December 1, 2047.

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$1,641,000 Subordinate General Obligation Limited Tax Bonds, Series 2017B (the 2017B Bonds) (Continued)**

The 2017B Bonds were issued at the rate of 7.375% per annum and payable annually on December 15, beginning December 15, 2017, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2047. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amount due and owing on the 2017B Bonds remains outstanding on December 16, 2057, such amount shall be deemed discharged and no longer be due and outstanding.

The Senior Required Mill Levy means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Series 2017A Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, but (i) not in excess of 50 mills; provided however, that in the event the method of calculating assessed valuation is or was changed after August 21, 2000, the mill levy provided above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. As of the date of the issuance of the Series 2017A Bonds, the Senior Required Mill Levy was 67.638 mills.

The current debt service schedule is attached for the Series 2017A Bonds. Debt service schedules for the 2017B Bonds are not provided as the Bonds are cash flow bonds and the timing of the payments are unknown.

The 2017A Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 180,000	\$ 431,500	\$ 611,500
2020	185,000	426,100	611,100
2021	190,000	420,550	610,550
2022	200,000	412,950	612,950
2023-2027	1,130,000	1,925,450	3,055,450
2028-2032	1,440,000	1,615,250	3,055,250
2033-2037	1,845,000	1,216,750	3,061,750
2038-2042	2,285,000	778,875	3,063,875
2043-2047	2,750,000	316,875	3,066,875
Total	<u>\$ 10,205,000</u>	<u>\$ 7,544,300</u>	<u>\$ 17,749,300</u>

**BNC METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization**

On November 7, 2000, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$180,000,000 at an interest rate not to exceed 15%, allocated for the following purposes:

	Amount Authorized November 7, 2000	Authorization Used Series 2004 Bonds	Authorization Used Series 2013A Loan	Authorization Used Series 2013B Bonds	Authorization Used Series 2017A Bonds	Authorization Used Series 2017B Bonds	Authorized But Unissued 12/31/2018
Street Improvements	\$ 21,000,000	\$ 3,395,000	\$ 389,582	\$ 177,433	\$ -	\$ -	\$ 17,037,985
Park and Recreation	16,000,000	1,870,000	686,405	1,276,367	-	-	12,167,228
Water Supply	11,000,000	184,000	315,376	132,033	-	-	10,368,591
Sanitation	9,500,000	371,000	463,787	624,167	-	-	8,041,046
Television Relay	1,000,000	181,000	-	-	-	-	819,000
Mosquito Control	1,000,000	19,000	-	-	-	-	981,000
Operations and Maintenance	500,000	-	-	-	-	-	500,000
Debt Refunding	60,000,000	-	3,644,850	-	10,340,000	1,641,000	44,374,150
IGA Debt	60,000,000	-	-	-	-	-	60,000,000
Total	<u>\$ 180,000,000</u>	<u>\$ 6,020,000</u>	<u>\$ 5,500,000</u>	<u>\$ 2,210,000</u>	<u>\$ 10,340,000</u>	<u>\$ 1,641,000</u>	<u>\$ 154,289,000</u>

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; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$60,000,000.

**Developer Advances**

To date, the Developer has advanced funds for the costs of the District's operations, organizational and capital expenditures. The claim for reimbursement of advances made for capital expenditures, including organizational expenses, is acknowledged by the District under the Reimbursement Agreement dated July 1, 2003, between the Developer and the District, and for operations expenses, under the Amended and Restated Operation Funding Agreement dated May 18, 2004, as amended March 21, 2006, May 15, 2007, October 16, 2007, and November 18, 2008, between the Developer and the District. On October 24, 2017, the Amended and Restated Operation Funding Agreement was further amended by a Fifth Amendment, which revised the Agreement to add Catellus CC Note, LLC (New Developer) as a party and to establish a priority of reimbursement as between the New Developer and the Developer (Developer is defined in Note 7).

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Additional advances for capital projects are made subject to the Reimbursement Agreement. The Reimbursement Agreement provides that the District will reimburse the Developer for advances made plus accrued interest from the date each advance is made at the rate of 8% (or from the date of execution of the Reimbursement Agreement for Prior Advances) subject to annual appropriation at the sole determination of the District's Board of Directors. On October 24, 2017, the Reimbursement Agreement was amended by a First Amendment, which revised the Agreement to add the New Developer as a party and to establish a priority of reimbursement as between the New Developer and the Developer. During 2018, the District repaid \$378,803 of the outstanding principal balance to the Developer. At December 31, 2018, the amount owing to the Developer was \$808,274, which included \$467,924 of accrued interest.

On October 24, 2017 (effective as of January 1, 2015), the District and the New Developer entered into a Facilities Funding and Acquisition Agreement, in which the New Developer agreed to advance funds to the District for construction-related expenses and/or for the District's acquisition of certain public improvements upon completion. The New Developer agreed to advance funds on a periodic basis as needed for fiscal years 2015 through 2025, up to a maximum of \$15,000,000. Interest will accrue on advances/costs at the rate of 8% per annum until paid. The Parties agreed that no payment shall be required of the District unless and until the District issues bonds in an amount sufficient to reimburse the New Developer for all or a portion of the advances/costs. The Parties further agreed that the Agreement does not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereunder shall be at all times subject to annual appropriation by the District. In the event the District has not paid or reimbursed the New Developer for any advances/costs by December 31, 2057, any amount of principal and interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

**NOTE 6 NET POSITION**

The District has three components of net position - net investment in capital assets, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	\$ 1,405,288
Current Portion of Long-Term Obligations	(92,007)
Noncurrent Portion of Long-Term Obligations	(5,963,047)
Net Investment in Capital Assets	<u>\$ (4,649,766)</u>

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 6 NET POSITION (CONTINUED)**

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018, as follows:

Restricted Net Position:	
Emergency Reserve	\$ 4,600
Total	<u>\$ 4,600</u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the financing and repayment of debt issued for the construction of public improvements, a portion of which were dedicated to other entities for ownership and maintenance.

**NOTE 7 RELATED PARTIES**

Certain members of the Board of Directors of the District are employees of, owners of, or associated with 104th Avenue Investment Partners, LLC (former Developer) and may have conflicts of interest in dealing with the District. During 2018, the District did not incur any construction management fees payable to the Construction Manager. Certain members are also employees of, owners of, or associated with Catellus CC Note, LLC, Catellus Development Corporation and Catellus Acquisition Company, LLC.

**NOTE 8 AGREEMENTS**

On May 16, 2006, the District entered into a management agreement with Turnberry Meadows Homeowners Association, Inc., (HOA) whereby the District will construct and own the swimming pool and related facilities while the HOA will operate and maintain the facilities. The HOA has the authority to charge and collect fees for the use of the swimming pool and related facilities to residents of the Districts, members of the HOA, and the general public. The fees are to be set at an amount that will cover the costs associated with the operation and maintenance of the swimming pool and related facilities as well as provide for any necessary capital reserves.

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 8 AGREEMENTS (CONTINUED)**

On October 24, 2017, the District entered into a Cost Sharing Intergovernmental Agreement (Cost Sharing IGA) with BNC Metropolitan District Nos. 2 and 3 (with the District, the Districts), to govern the relationship between the Districts and their respective obligations with respect to cooperatively financing and constructing certain public improvements. The purpose of the Cost Sharing IGA is to identify the improvements to be funded by the Districts, the allocation of the costs thereof between the Districts and to establish the process by which the improvements will be designed and constructed. The Cost Sharing IGA provides that the costs of the improvements shall be allocated between the Districts in proportion to the benefits such improvements will provide to each district and its respective residents, and also defines the proportion each district will pay of certain administrative costs. The Cost Sharing IGA further provides that District Nos. 2 and 3 shall each make commercially reasonable efforts to construct or cause the construction of the improvements within three (3) years. The Cost Sharing IGA shall terminate when District No. 2 or District No. 3, as the case may be, provides to the other Districts, and the other Districts accept, the final reconciliation as provided in the Cost Sharing IGA with respect to the last of the improvements to be constructed thereunder, unless otherwise terminated by the mutual written consent of the Districts.

**NOTE 9 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, property, workers compensation, 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 10 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.

**BNC METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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

On November 7, 2000, the District voters passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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

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

## **SUPPLEMENTARY INFORMATION**

**BNC METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 580,600	\$ 580,600	\$ 580,612	\$ 12
Specific Ownership Taxes	80,470	80,470	62,277	(18,193)
Interest Income	1,500	1,500	8,396	6,896
Total Revenues	<u>662,570</u>	<u>662,570</u>	<u>651,285</u>	<u>(11,285)</u>
<b>EXPENDITURES</b>				
Current:				
Bond Interest - Series 2017B	55,959	55,959	63,000	(7,041)
Bond Interest - Series 2017A	435,550	435,550	435,630	(80)
Bond Principal - Series 2017A	135,000	135,000	135,000	-
County Treasurer's Fees	8,709	8,709	8,710	(1)
Paying Agent Fees	1,500	1,500	5,500	(4,000)
Contingency	282	28,282	-	28,282
Total Expenditures	<u>637,000</u>	<u>665,000</u>	<u>647,840</u>	<u>17,160</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	25,570	(2,430)	3,445	5,875
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds	-	-	(24,402)	(24,402)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(24,402)</u>	<u>(24,402)</u>
<b>NET CHANGE IN FUND BALANCE</b>	25,570	(2,430)	(20,957)	(18,527)
Fund Balance - Beginning of Year	<u>311,917</u>	<u>353,763</u>	<u>353,763</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 337,487</u>	<u>\$ 351,333</u>	<u>\$ 332,806</u>	<u>\$ (18,527)</u>

**BNC METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Developer Advance	\$ 313,203	\$ 347,803	\$ 34,600
Interest Income	-	72,429	72,429
Total Revenues	<u>313,203</u>	<u>420,232</u>	<u>107,029</u>
<b>EXPENDITURES</b>			
Capital Outlay	4,188,844	347,803	3,841,041
Engineering	140,580	8,129	132,451
Architect	16,574	-	16,574
Construction Management	188,124	-	188,124
Miscellaneous	-	45	(45)
Total Expenditures	<u>4,534,122</u>	<u>355,977</u>	<u>4,178,145</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,220,919)	64,255	4,285,174
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Other Funds	-	24,402	24,402
Repayment of Developer Advances - Principal	-	(347,803)	(347,803)
Repayment of Developer Advances - Interest	-	(25,918)	(25,918)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(349,319)</u>	<u>(349,319)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,220,919)	(285,064)	3,935,855
Fund Balances (Deficits) - Beginning of Year	<u>4,220,919</u>	<u>4,228,369</u>	<u>7,450</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,943,305</u>	<u>\$ 3,943,305</u>

**BNC METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2018**

\$ 10,340,000 General Obligation Bonds Series 2017A, Dated November 2, 2017 Interest Rate Varying from 3.00% - 5.00% Interest Payable June 1 and December 1, Principal Due December 1			
Year Ending December 31,	Principal	Interest	Total
2019	\$ 180,000	\$ 431,500	\$ 611,500
2020	185,000	426,100	611,100
2021	190,000	420,550	610,550
2022	200,000	412,950	612,950
2023	205,000	404,950	609,950
2024	215,000	396,750	611,750
2025	225,000	386,000	611,000
2026	235,000	374,750	609,750
2027	250,000	363,000	613,000
2028	260,000	350,500	610,500
2029	275,000	337,500	612,500
2030	290,000	323,750	613,750
2031	300,000	309,250	609,250
2032	315,000	294,250	609,250
2033	335,000	278,500	613,500
2034	350,000	261,750	611,750
2035	370,000	244,250	614,250
2036	385,000	225,750	610,750
2037	405,000	206,500	611,500
2038	425,000	188,813	613,813
2039	440,000	172,875	612,875
2040	455,000	156,375	611,375
2041	475,000	139,312	614,312
2042	490,000	121,500	611,500
2043	510,000	103,125	613,125
2044	530,000	84,000	614,000
2045	550,000	64,125	614,125
2046	570,000	43,500	613,500
2047	590,000	22,125	612,125
Total	\$ 10,205,000	\$ 7,544,300	\$ 17,749,300

The current debt service schedule is attached for the Series 2017A Bonds. Debt service schedules for the 2017B Bonds are not provided as the Bonds are cash flow bonds and the timing of the payments are unknown.

**BNC METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mill Levy		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2014	\$ 5,604,330	15.500	47.500	\$ 353,073	\$ 347,811	98.51 %
2015	5,610,690	13.000	50.000	353,473	402,348	113.83
2016	6,187,070	13.000	50.000	389,786	367,704	94.33 *
2017	6,176,940	13.000	50.000	389,147	389,147	100.00
2018	10,503,460	14.372	55.277	731,556	731,555	100.00
Estimated for year ending December 31,	\$ 11,735,880	14.372	55.277	\$ 817,392		

NOTE: Property taxes shown as collected in any one year may include collection of delinquent property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

\* During 2016 abatements for the District totaling \$21,580 reduced the total amount collected.