

BUFFALO RIDGE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2018

with

Independent Auditors' Report

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Board of Directors
Buffalo Ridge Metropolitan District
Adams County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Buffalo Ridge Metropolitan District, 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 each major fund of the Buffalo Ridge Metropolitan District as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

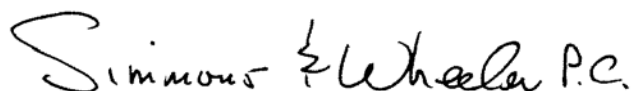
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 Buffalo Ridge Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The continuing disclosure annual financial information, as listed in the table of contents, 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.

A handwritten signature in black ink that reads "Simmons & Wheeler P.C." in a cursive, flowing script.

Englewood, CO
September 3, 2019

BUFFALO RIDGE METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS						
Cash and investments	\$ 36,916	\$ -	\$ -	\$ 36,916	\$ -	\$ 36,916
Cash and investments - restricted	26,200	1,563,286	18,512,701	20,102,187	-	20,102,187
Receivable - County Treasurer	1,166	8,824	-	9,990	-	9,990
Property taxes receivable	172,145	1,302,308	-	1,474,453	-	1,474,453
Accounts receivable - other	137,360	177,160	3,583	318,103	-	318,103
Prepaid expenses	6,194	-	-	6,194	-	6,194
Construction deposits	-	-	61,320	61,320	-	61,320
Capital assets not being depreciated	-	-	-	-	11,317,605	11,317,605
Total Assets	<u>\$ 379,981</u>	<u>\$ 3,051,578</u>	<u>\$ 18,577,604</u>	<u>\$ 22,009,163</u>	<u>11,317,605</u>	<u>33,326,768</u>
LIABILITIES						
Accounts payable	\$ 7,836	\$ -	\$ 802,664	\$ 810,500	-	810,500
Retainage payable	-	-	63,699	63,699	-	63,699
Accrued line of credit interest	-	-	-	-	459,782	459,782
Accrued interest on bonds	-	-	-	-	101,090	101,090
Long-term liabilities:						
Due in more than one year	-	-	-	-	44,499,200	44,499,200
Total Liabilities	<u>7,836</u>	<u>-</u>	<u>866,363</u>	<u>874,199</u>	<u>45,060,072</u>	<u>45,934,271</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	-	-	-	-	281,479	281,479
Deferred property taxes	<u>172,145</u>	<u>1,302,308</u>	<u>-</u>	<u>1,474,453</u>	<u>-</u>	<u>1,474,453</u>
Total Deferred Inflows of Resources	<u>172,145</u>	<u>1,302,308</u>	<u>-</u>	<u>1,474,453</u>	<u>281,479</u>	<u>1,755,932</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	6,194	-	-	6,194	(6,194)	-
Restricted:						
Emergencies	26,200	-	-	26,200	(26,200)	-
Debt service	-	1,749,270	-	1,749,270	(1,749,270)	-
Conservation trust funds	-	-	146,783	146,783	(146,783)	-
Capital projects	-	-	17,564,458	17,564,458	(17,564,458)	-
Unassigned	<u>167,606</u>	<u>-</u>	<u>-</u>	<u>167,606</u>	<u>(167,606)</u>	<u>-</u>
Total Fund Balances	<u>200,000</u>	<u>1,749,270</u>	<u>17,711,241</u>	<u>19,660,511</u>	<u>(19,660,511)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 379,981</u>	<u>\$ 3,051,578</u>	<u>\$ 18,577,604</u>	<u>\$ 22,009,163</u>		
Net Position:						
Restricted for:						
Emergencies					26,200	26,200
Debt service					1,648,180	1,648,180
Capital projects					17,251,459	17,251,459
Unrestricted					<u>(33,289,274)</u>	<u>(33,289,274)</u>
Total Net Position					<u>\$ (14,363,435)</u>	<u>\$ (14,363,435)</u>

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

BUFFALO RIDGE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Accounting and audit	\$ 39,875	\$ -	\$ 19,127	\$ 59,002	\$ (19,127)	\$ 39,875
Construction management	-	-	121,932	121,932	(121,932)	-
Election expense	1,751	-	-	1,751	-	1,751
Insurance/dues	6,551	-	-	6,551	-	6,551
Legal	24,050	-	14,610	38,660	(14,610)	24,050
Management fees	27,983	-	29,572	57,555	(29,572)	27,983
Miscellaneous expenses	2,459	70	1,544	4,073	(1,544)	2,529
Water - irrigation	2,446	-	-	2,446	-	2,446
Treasurer's fees	2,384	18,037	-	20,421	-	20,421
Bond interest expense	-	609,910	-	609,910	940,482	1,550,392
Letter of credit fees	-	-	-	-	263,612	263,612
Bond issuance costs	-	488,196	582,964	1,071,160	-	1,071,160
Capital improvements	-	-	3,283,818	3,283,818	(3,283,818)	-
Cost of ERUs sold	-	-	-	-	695,689	695,689
Assets conveyed to city/county	-	-	-	-	23,026	23,026
Total Expenditures	<u>107,499</u>	<u>1,116,213</u>	<u>4,053,567</u>	<u>5,277,279</u>	<u>(1,547,794)</u>	<u>3,729,485</u>
PROGRAM REVENUES						
System development fees	-	364,304	-	364,304	-	364,304
ERU sales	-	540,225	845,550	1,385,775	-	1,385,775
Conservation trust funds	-	-	13,224	13,224	-	13,224
Permit fee rebate	75,853	-	-	75,853	-	75,853
Road impact fees	143,721	-	-	143,721	-	143,721
Drainage fees	48,186	-	-	48,186	-	48,186
City sales/use tax rebate	<u>199,077</u>	<u>-</u>	<u>-</u>	<u>199,077</u>	<u>-</u>	<u>199,077</u>
Total Program Revenues	<u>466,837</u>	<u>904,529</u>	<u>858,774</u>	<u>2,230,140</u>	<u>-</u>	<u>2,230,140</u>
Net Program Income (Expenses)	359,338	(211,684)	(3,194,793)	(3,047,139)	1,547,794	(1,499,345)
GENERAL REVENUES						
Property taxes	158,885	1,201,993	-	1,360,878	-	1,360,878
Specific ownership taxes	13,684	103,526	-	117,210	-	117,210
Interest income	19,374	1,229	239,550	260,153	-	260,153
Miscellaneous income	<u>279</u>	<u>-</u>	<u>5,811</u>	<u>6,090</u>	<u>-</u>	<u>6,090</u>
Total General Revenues	<u>192,222</u>	<u>1,306,748</u>	<u>245,361</u>	<u>1,744,331</u>	<u>-</u>	<u>1,744,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	551,560	1,095,064	(2,949,432)	(1,302,808)	1,547,794	244,986
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	22,841,132	20,094,868	42,936,000	(42,936,000)	-
Bond premium	-	774,934	208,953	983,887	(983,887)	-
Payment to refunding agent	-	(24,713,145)	-	(24,713,145)	24,713,145	-
Transfers in (out)	-	502,651	(502,651)	-	-	-
Transfers in (out)	(501,560)	501,560	-	-	-	-
Transfers in (out)	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(551,560)</u>	<u>(92,868)</u>	<u>19,851,170</u>	<u>19,206,742</u>	<u>(19,206,742)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	1,002,196	16,901,738	17,903,934	(17,903,934)	-
CHANGE IN NET POSITION					244,986	244,986
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>200,000</u>	<u>747,074</u>	<u>809,503</u>	<u>1,756,577</u>	<u>(16,364,998)</u>	<u>(14,608,421)</u>
END OF YEAR	<u>\$ 200,000</u>	<u>\$ 1,749,270</u>	<u>\$ 17,711,241</u>	<u>\$ 19,660,511</u>	<u>\$(34,023,946)</u>	<u>\$(14,363,435)</u>

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

BUFFALO RIDGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2018

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 158,895	\$ 158,895	\$ 158,885	\$ (10)
Specific ownership taxes	17,478	17,478	13,684	(3,794)
Interest income	5,000	9,000	19,374	10,374
Miscellaneous income	-	-	279	279
Permit fee rebate	60,000	100,000	75,853	(24,147)
Road impact fees	100,000	225,000	143,721	(81,279)
Drainage fees	45,000	60,000	48,186	(11,814)
City sales/use tax rebate	<u>140,000</u>	<u>270,000</u>	<u>199,077</u>	<u>(70,923)</u>
Total Revenues	<u>526,373</u>	<u>840,373</u>	<u>659,059</u>	<u>(181,314)</u>
EXPENDITURES				
Accounting and audit	31,900	31,900	39,875	(7,975)
Election expense	3,000	3,000	1,751	1,249
Engineering	2,000	2,000	-	2,000
Insurance/dues	5,000	5,000	6,551	(1,551)
Legal	25,000	25,000	24,050	950
Management fees	40,000	40,000	27,983	12,017
Miscellaneous expenses	3,500	3,500	2,459	1,041
Water - irrigation	3,000	3,000	2,446	554
Treasurer's fees	2,383	2,383	2,384	(1)
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>165,783</u>	<u>165,783</u>	<u>107,499</u>	<u>58,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	360,590	674,590	551,560	(123,030)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(360,590)</u>	<u>(674,590)</u>	<u>(551,560)</u>	<u>123,030</u>
Total Other Financing Sources (Uses)	<u>(360,590)</u>	<u>(674,590)</u>	<u>(551,560)</u>	<u>123,030</u>
NET CHANGE IN FUND BALANCE				
	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
END OF YEAR	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Buffalo Ridge Metropolitan District, located in Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 19, 1996, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District’s service area is located in City of Commerce City, Adams County, Colorado. The District was established to finance and construct water, sanitation, street, fire and safety protection, park and recreation improvements and transportation services. The District’s primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

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

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

Budgetary Accounting

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

On November 13, 2018, the District amended its total appropriations in the General Fund from \$526,373 to \$840,373 primarily due to the transfer of funds to the Capital Projects Fund for the purchase of ERU water connections, water credits and ERU option fee credits and the transfer of funds to the Debt Service Fund due to the \$200,000 maximum fund balance imposed on the General Fund per the Series 2010A Bond Resolution (see Note 12).

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available and a deferred gain on refunding that is reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Long-Term Obligations

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

Bond Premium

Bond Premium from the Series 2018A Bonds is being amortized over the respective term of the bonds using the interest method. Accumulated amortization of bond premium amounted to \$24,905 at December 31, 2018.

Capital Assets

Capital assets, which include construction in progress and ERU and option fee credits, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. ERU and option fee credits are not depreciated. No depreciation expense was recognized during 2018.

Property Taxes

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

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

Fund Balance

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

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$6,194 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$26,200 of the General Fund balance has been restricted in compliance with this requirement.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

The restricted fund balance in the Debt Service Fund in the amount of \$1,749,270 is restricted for the payment of costs associated with the long-term debt obligations (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$17,564,458 is restricted for the payment of costs for capital improvements within the District.

The restricted fund balance in the Capital Projects Fund titled "Conservation Trust Funds" in the amount of \$146,783 is restricted for the payment of certain costs of capital improvements within the District, as defined by the State's Conservation Trust Fund regulations.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Net Position

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

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

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

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

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

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 36,916
Cash and investments – Restricted	<u>20,102,187</u>
Total	<u>\$ 20,139,103</u>

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

Deposits with financial institutions	\$ 369,275
Investments – COLOTRUST	<u>19,769,828</u>
	<u>\$ 20,139,103</u>

Deposits

Custodial Credit Risk

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

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Investments

Investment Valuation

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

As of December 31, 2018, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had \$19,769,828 invested in COLOTRUST, of which \$16,208,490 is held in trust accounts with UMB Bank.

Credit Risk

The District investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Interest Rate Risk

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

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

<u>Governmental Type Activities:</u>	<u>Balance 01-01-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-18</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$6,645,142	\$2,640,159	\$ 23,026	\$ 9,262,275
ERU and option fee credits	1,920,575	830,444	695,689	2,055,330
Total capital assets not being depreciated	<u>8,565,717</u>	<u>3,470,603</u>	<u>718,715</u>	<u>11,317,605</u>
Government type assets, net	<u>\$8,565,717</u>	<u>\$3,470,603</u>	<u>\$ 718,715</u>	<u>\$11,317,605</u>

It is the policy of the City to accept the maintenance responsibility for the improvements within the city only after a probationary period following completion of construction. During 2018, the District conveyed public improvements to Commerce City, the District removed the portion of costs of construction related to the public improvements conveyed from its Capital Assets.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2018, is as follows:

General Obligation Refunding and Improvement Bonds, Series 2018A and Subordinate Limited Tax General Obligation Bonds, Series 2018B

The District issued the General Obligation Refunding and Improvement Bonds Series 2018A ("Series 2018A Bonds") and the Subordinate Limited Tax General Obligation Bonds Series 2018B ("Series 2018B Bonds") on May 30, 2018, in the par amounts of \$29,000,000 for the 2018A Bonds and \$13,936,000 for the 2018B Bonds. Proceeds of the Series 2018A Bonds were used to: (i) finance or reimburse the costs of public improvements; (ii) prepay the District's Series 2013 and 2016 Loans; (iii) redeem the District's Series 2010A Bonds; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the 2018B Bonds were used to finance or reimburse the costs of public improvements.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

The Series 2018A Bonds bear interest at rates ranging from 3.00% to 5.00%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2018. Annual principal is due on December 1, beginning December 1, 2021, through December 1, 2035. The Series 2018A Bonds maturing on December 1, 2047, are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2036, and on December 1 thereafter through December 1, 2047. The Series 2018A Bonds mature on December 1, 2047. The Series 2018A Bonds maturing on and after December 1, 2029, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities, on December 1, 2028, and on any date thereafter, upon payment of par, accrued interest, without redemption premium.

The Series 2018A Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2018A Senior Indenture as the following, net of any costs of collection: (i) all property tax revenues generated by the Senior Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; (iii) all Capital Fees; (iv) all ERU Sale Proceeds Revenue; (v) all PILOT Revenues; and (vi) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Series 2018A Bonds are also secured by amounts on deposit in the Senior Surplus Fund. The Senior Surplus Fund shall be funded from deposits of Senior Pledged Revenue up to the Maximum Surplus Amount of \$1,058,200 and except to the extent Senior Pledged Revenue is available thereunder, the District has no obligation to fund the Senior Surplus Fund in any amount. The Surplus Fund is to be maintained as long as any Series 2018A Bonds remain outstanding. Amounts on deposit in the Senior Surplus Fund (if any) on the final maturity date of the Series 2018A Bonds shall be applied to the payment of the Series 2018A Bonds. The balance in the Senior Surplus Fund on December 31, 2018, was \$0.

The District has covenanted to impose a Senior Required Mill Levy each year without limitation as to rate in an amount necessary to generate Senior Property Tax Revenues and PILOT Revenues (if any) sufficient to pay the principal of, premium if any, and interest on the Series 2018A Bonds as the same become due and payable (less any amounts then on deposit in the Senior Bond Fund and, in the District's discretion, the Senior Surplus Fund), provided, however, that for so long as the amount on deposit in the Senior Surplus Fund is less than the Maximum Surplus Amount or any portion of the Senior Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2018A Bonds as the same become due and payable, the Senior Required Mill Levy shall be equal to not less than 41.389 mills (subject to adjustment as provided below), or such lesser mill levy that will generate Senior Property Tax Revenues and PILOT Revenues (if any) (A) sufficient to pay the principal of, premium if any, and interest on the Series 2018A Bonds as the same become due and payable, and to fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

deposit in the Senior Bond Fund and the Senior Surplus Fund, will pay the Series 2018A Bonds in full in the year such mill levy is collected. In the event that the method of calculating assessed valuation is changed after January 1, 2018, the minimum mill levy of 41.389 mills is subject to adjustment. The District certified a mill levy of 41.389 mills in 2018 (for collection in 2019).

The Series 2018B Bonds bear interest at 7.375% and mature on December 15, 2047. The Series 2018B Bonds are structured as “cash flow” bonds, meaning that (a) principal on the Series 2018B Bonds is payable on each December 15 from, and only to the extent of, Subordinate Pledged Revenue available and (b) interest on the Series 2018B Bonds is payable on each December 15, but only from and to the extent of Subordinate Pledged Revenue available. Unpaid interest will accrued and compound annually at the rate of interest on the Series 2018B Bonds until sufficient Subordinate Pledged Revenue is available for payment. Any interest and principal for the Series 2018B Bonds which remains on December 15, 2057, shall be deemed discharged.

The Series 2018B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

The Series 2018B Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue defined generally in the 2018B Subordinate Indenture as the following, net of any costs of collection: (i) all property tax revenues generated by the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; (iii) all Subordinate Capital Fee Revenue; (iv) all Subordinate ERU Sale Proceeds Revenue; (v) all Subordinate PILOT Revenues; and (vi) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The District has covenanted to impose a Subordinate Required Mill Levy in the amount of (i) 41.389 mills (subject to adjustment as provided below) less the Senior Required Mill Levy, or (ii) such lesser mill levy that will generate Subordinate Property Tax Revenues and Subordinate PILOT Revenues (if any) which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Series 2018B Bonds in full in the year such mill levy is collected. The

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Subordinate Required Mill Levy will equal zero at any time that: (i) the payment of the Series 2018A Bonds (and any other Senior Parity Bonds) requires the imposition of at least 41.389 mills (subject to adjustment as provided below) and (ii) at any time that there is on deposit in the Senior Surplus Fund less than the Maximum Surplus Amount. The District is not required to impose the Subordinate Required Mill Levy after December 2056 (for collection in calendar year 2057). In the event that the method of calculating assessed valuation is changed after January 1, 2018, the minimum mill levy of 41.389 mills is subject to adjustment.

Net proceeds of \$6,796,000 from the sale of the 2018B Subordinate Bonds were deposited to the Restricted Account of the Subordinate Project Fund. Such Restricted Account will only be available for acquisition of public improvements if released from the applicable Restricted Account in accordance with the Subordinate Indenture.

General Obligation Refunding Loan Series 2013

On September 3, 2013, the District issued a \$15,500,000 General Obligation Refund Loan Series 2013 ("Series 2013 Loan") dated September 3, 2013 for the purpose of refunding the Series 2009 Bonds, terminating the Interest Rate Exchange Agreement, providing for the payment of a portion of the principal and interest on the Series 2010A Subordinate Bonds and to fund additional project costs. The Series 2013 Loan bore interest at the rate of 3.30%, calculated on the basis of a 360 day year and actual number of days elapsed, and was payable semiannually on each June 1 and December 1, which commenced on December 1, 2013. The Loan was subject to principal payments which commenced on December 1, 2013 and matured on December 1, 2021. The Loan was subject to prepayment, at the option of the District, in whole or in part on any interest payment date at a prepayment price equal to the sum of the principal so prepaid, accrued interest to the date of such prepayment, and payment of the Yield Maintenance Fee, as described in the Loan Agreement. On May 30, 2018, the Series 2013 Loan was repaid with proceeds from the Series 2018A Bonds.

General Obligation Loan Series 2016

On July 11, 2016, the District issued a \$5,300,000 General Obligation Loan Series 2016 ("Series 2016 Loan") dated July 12, 2016 for the purpose of funding additional Public Improvements. The Series 2016 Loan bore interest at the rate of 2.44%, calculated on the basis of a 360 day year and actual number of days elapsed, and was payable semiannually on each June 1 and December 1, which commenced on December 1, 2016. The Loan was subject to principal payments commencing on December 1, 2018 and matured on December 1, 2021. The Loan was subject to prepayment, at the option of the District, in whole or in part on any interest payment date at a prepayment price equal to the sum of the principal so prepaid, accrued interest to the date of such prepayment, and payment of the Yield Maintenance Fee, as described in the Loan Agreement. On May 30, 2018, the Series 2016 Loan was repaid with proceeds from the Series 2018A Bonds.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2018A Bonds.

	Principal	Interest	Total
2019	\$ -	\$ 1,213,081	\$ 1,213,081
2020	-	1,213,081	1,213,081
2021	100,000	1,213,081	1,313,081
2022	290,000	1,208,081	1,498,081
2023	410,000	1,193,581	1,603,581
2024-2028	3,040,000	5,590,530	8,630,530
2029-2033	4,235,000	4,834,162	9,069,162
2034-2038	5,770,000	3,782,900	9,552,900
2039-2043	7,555,000	2,458,200	10,013,200
2044-2047	7,600,000	778,200	8,378,200
	<u>\$ 29,000,000</u>	<u>\$ 23,484,897</u>	<u>\$ 52,484,897</u>

Subordinate Taxable Revenue Bonds - Series 2010A

On November 1, 2010, the District authorized the issuance of up to a maximum of \$3,559,612 of Subordinate Taxable Revenue Bonds Series 2010A ("Series 2010A Bonds") dated November 1, 2010 and amended August 30, 2013. The initial draw from the Series 2010A Bonds on November 1, 2010 was \$2,793,913. The Series 2010A Bonds were due December 15, 2033, with interest payable to the extent of Pledged Revenue available annually on December 15 each year, commencing December 15, 2013 at 8% per annum, calculated on the basis of the 360-day year of twelve 30-day months.

In 2011, the District issued the remaining \$765,699 in additional Series 2010A Bonds to Northwood Village Associates, LTD for additional public improvements conveyed to the District. The Series 2010A Bonds were also subject to mandatory redemption, in part, by lot, on December 15, 2013, and on each interest payment date thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, to the extent of moneys credited to the Bond Account. The Series 2010A Bonds were issued to repay infrastructure costs previously paid by the Northwood Village Associates, LTD.

On May 30, 2018, the Series 2010A Bonds were redeemed with proceeds from the Series 2018A Bonds.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

The following is an analysis of changes in long-term debt for the period ending December 31, 2018:

	Balance 01-01-18	Additions	Deletions	Balance 12-31-18	Current Portion
GO Refunding Loan Series 2013	\$ 14,715,000	\$ -	\$ 14,715,000	\$ -	\$ -
General Obligation Loan Series 2016	5,300,000	-	5,300,000	-	-
General Obligation Refunding and Improvement Bonds Series 2018A	-	29,000,000	-	29,000,000	-
Subordinate Limited Tax General Obligation Bonds Series 2018B					
Principal	-	13,936,000	-	13,936,000	-
Interest	-	604,218	-	604,218	-
Subordinate Taxable Revenue Bonds - Series 2010A					
Principal	3,292,087	-	3,292,087	-	-
Interest	992,969	102,214	1,095,183	-	-
	<u>\$ 24,300,056</u>	<u>\$ 43,642,432</u>	<u>\$ 24,402,270</u>	<u>\$ 43,540,218</u>	<u>\$ -</u>
Bond Premium - 2018A	-	983,887	24,905	958,982	49,535
	<u>\$ 24,300,056</u>	<u>\$ 44,626,319</u>	<u>\$ 24,427,175</u>	<u>\$ 44,499,200</u>	<u>\$ 49,535</u>

Debt Authorization

As of December 31, 2018, the District had remaining voted debt authorization of approximately \$30,616,995. The District has not budgeted to issue any additional debt in 2019.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Note 5: Agreements with Landowners

Water Resource Agreement

On July 26, 2007, Northwood Village Associates, LTD (“Northwood”), 120th and Buckley Associates, LTD (“Buckley”), and 120th & Chambers, LLC (“Chambers”), (the “Buffalo Run Landowners”), entered into a Revised Plan B Project Participant Water Resource Agreement (“Water Resource Agreement”) with South Adams County Water and Sanitation District (“SACWSD”), wherein Northwood, Buckley and Chambers were given the right to purchase certain ERU water connections, ERU water credits and option fee credits to be used in connection with certain lands within SACWSD, including the property included within the District’s boundaries. The Water Resource Agreement was amended by a First Amendment dated July 1, 2008 and a Second Amendment dated March 9, 2010. The Water Resources Agreement, as amended, allocates to the Buffalo Run Landowners the right to purchase a total of 828 ERU water connections and obligates the Buffalo Run Landowners to make certain FRICO installment payments, option payments and other payments as described in the Water Resources Agreement in order to obtain the corresponding ERU water credits and option fee credits. On May 21, 2009, the District, Northwood, Buckley, and Chambers entered into an Assignment and Bill of Sale for ERU Water Connections and Water Credits.

On May 21, 2009, the Buffalo Run Landowners transferred and assigned 166 ERU water connections, together with the corresponding 166 ERU water credits and 166 option fee credits to the District, without the obligations under the Water Resources Agreement previously acquired from SACWSD. On May 28, 2009, the District paid \$606,564 to the Buffalo Run Landowners for these 166 ERU water connections and corresponding ERU water credits and option fee credits. On November 26, 2009, the District advanced from the Construction Fund account of the Series 2009 Bonds the amount of \$109,620 as payment for the purchase of 16.25 additional ERU water connections, together with the corresponding 16.25 ERU water credits and 27.46 option fee credits, the assignment of which was completed in 2010. On December 7, 2010, the Buffalo Run Landowners transferred and assigned an additional 45.12 ERU water connections, together with the corresponding 45.12 ERU water credits and 33.91 option fee credits to the District, without the obligations under the Water Resources Agreement previously acquired from SACWSD. On December 7, 2010, the District paid \$214,830 to the Buffalo Run Landowners for these 45.12 ERU water connections and corresponding ERU water credits and 33.91 option fee credits, which included \$3,000 in transfer fees. On September 2, 2011, the Buffalo Run Landowners transferred and assigned an additional 1.69 ERU water connections, together with a corresponding 1.69 ERU water credits and 1.29 option fee credits to the District, without the obligations under the Water Resources Agreement previously acquired from SACWSD. On December 8, 2011, the District paid \$8,157 to the Buffalo Run Landowners for these 1.69 ERU water credits and 1.29 option fee credits. On November 28, 2012, the District paid \$8,254 to SACWSD for the purchase of 1.69 ERU water connections, together with a corresponding 1.69 ERU water credits, and 1.34 option

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Notes to Financial Statements December 31, 2018

fee credits. On November 26, 2013, the District paid \$219,243 to SACWSD for the purchase of 45.12 ERU water connections, together with a corresponding 45.12 ERU water credits and 37.58 option fee credits. On December 1, 2014, the District paid \$223,389 to SACWSD for the purchase of 45.12 ERU water credits and connections and 38.89 option fee credits. On November 20, 2015, the District paid \$226,128 to SACWSD for the purchase of 45.12 ERU water credits and connections and 40.26 option fee credits. On November 21, 2016, the District paid \$227,462 to SACWSD for the purchase of 45.12 ERU water credits and connections and 41.67 option fee credits. On October 3, 2017, the District paid \$230,396 to SACWSD for the purchase of 45.12 ERU water credits and connections and 43.14 option fee credits. On April 20, 2018, the District paid \$830,444 to SACWSD for the purchase of 176.17 ERU water credits and connections and 134.35 option fee credits.

Following is a schedule summarizing the above purchases made under the Water Resource Agreement:

Purchase date	ERU water connections	ERU water credits	ERU option fee credits	Amount
5/28/2009	166.00	166.00	166.00	\$ 606,564
11/26/2009	16.25	16.25	27.46	109,620
12/7/2010	45.12	45.12	33.91	214,830
9/2/2011	1.69	1.69	1.29	8,157
11/28/2012	1.69	1.69	1.34	8,254
11/26/2013	45.12	45.12	37.58	219,243
12/1/2014	45.12	45.12	38.89	223,389
11/20/2015	45.12	45.12	40.26	226,128
11/21/2016	45.12	45.12	41.67	227,462
10/3/2017	45.12	45.12	43.14	230,396
4/20/2018	176.17	176.17	134.35	830,444
	<u>632.52</u>	<u>632.52</u>	<u>565.89</u>	<u>\$ 2,904,487</u>
Sold - 2017	(42.00)	(42.00)	(42.00)	(153,468)
Sold - 2018	<u>(184.77)</u>	<u>(184.77)</u>	<u>(184.77)</u>	<u>(695,689)</u>
Remaining	<u>405.75</u>	<u>405.75</u>	<u>339.12</u>	<u>\$ 2,055,330</u>

On August 21, 2015, the District entered into an ERU Water Credit Escrow Agreement (“ERU Escrow Agreement”) with Northwood, Lokal BR5, LLC (“Lokal”) and Land Title Guarantee Company (“Escrow Agent”). Lokal has acquired 46 residential lots within the District from Northwood and Northwood has agreed to convey 46 FRICO ERU water credits and water option rights to Lokal. Since Northwood currently does not own any ERUs, the District has agreed to sell to Lokal the 46 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement. The Escrow Agent shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500. Upon receipt of funds for release of an Assignment for an ERU, the Escrow Agent shall immediately remit such payment to the District. In 2017 and 2018, no funds were received by the District under the ERU Escrow Agreement.

On August 18, 2016, as terminated and replaced on December 12, 2017, the District entered into an ERU Water Credit Escrow Agreement – VBRE Filing 6 (“ERU Escrow Agreement Filing 6”) with Buckley, Northwood, Lokal BR6, LLC (“Lokal BR6”) and Land Title Guarantee Company (“Escrow Agent”). Lokal BR6 has acquired 138 residential lots within the District from Northwood and Buckley and Northwood and Buckley have agreed to convey 138 FRICO ERU water credits and water option rights to Lokal BR6. Since Northwood and Buckley currently do not own any ERUs, the District has agreed to sell to Lokal BR6 the 138 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 6. The Escrow Agent shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500. Upon receipt of funds for release of an Assignment for an ERU, the Escrow Agent shall immediately remit such payment to the District. In 2017 and 2018, \$67,500 and \$330,000, respectively, was received by the District under the ERU Escrow Agreement Filing 6.

On December 15, 2016, as terminated and replaced on December 12, 2017, the District entered into an ERU Water Credit Escrow Agreement – VBRE Filing 7 (“ERU Escrow Agreement Filing 7”) with Northwood, Lokal BR7, LLC (“Lokal BR7”) and Land Title Guarantee Company (“Escrow Agent”). Lokal BR7 has acquired 48 residential lots within the District from Northwood and Northwood has agreed to convey 48 FRICO ERU water credits and water option rights to Lokal BR7. Since Northwood currently does not own any ERUs, the District has agreed to sell to Lokal BR7 the 48 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 7. The Escrow Agent shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500. Upon receipt of funds for release of an Assignment for an ERU, the Escrow Agent shall immediately remit such payment to the District.

On April 5, 2017, as terminated and replaced on December 12, 2017, the District entered into an ERU Water Credit Escrow Agreement – VBRE Filing 7 Phase 2 (“ERU Escrow Agreement Filing 7 Phase 2”) with Northwood, Lokal BR7, LLC (“Lokal BR7”) and Land Title Guarantee Company (“Escrow Agent”). Lokal BR7 has acquired 24 residential lots within the District from Northwood

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

and Northwood has agreed to convey 24 FRICO ERU water credits and water option rights to Lokal BR7. Since Northwood currently does not own any ERUs, the District has agreed to sell to Lokal BR7 the 24 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 7 Phase 2. The Escrow Agent shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500. Upon receipt of funds for release of an Assignment for an ERU, the Escrow Agent shall immediately remit such payment to the District.

On July 6, 2017, as terminated and replaced on December 12, 2017, the District entered into an ERU Water Credit Escrow Agreement – VBRE Filing 7 Phase 3 (“ERU Escrow Agreement Filing 7 Phase 3”) with Northwood, Lokal BR7, LLC (“Lokal BR7”) and Land Title Guarantee Company (“Escrow Agent”). Lokal BR7 has acquired 24 residential lots within the District from Northwood and Northwood has agreed to convey 24 FRICO ERU water credits and water option rights to Lokal BR7. Since Northwood currently does not own any ERUs, the District has agreed to sell to Lokal BR7 the 24 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 7 Phase 3. The Escrow Agent shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500. Upon receipt of funds for release of an Assignment for an ERU, the Escrow Agent shall immediately remit such payment to the District.

On October 11, 2017, as terminated and replaced on December 12, 2017, the District entered into an ERU Water Credit Escrow Agreement – VBRE Filing 7 Phase 4 (“ERU Escrow Agreement Filing 7 Phase 4”) with Northwood, Lokal BR7, LLC (“Lokal BR7”) and Land Title Guarantee Company (“Escrow Agent”). Lokal BR7 has acquired 55 residential lots within the District from Northwood and Northwood has agreed to convey 55 FRICO ERU water credits and water option rights to Lokal BR7. Since Northwood currently does not own any ERUs, the District has agreed to sell to Lokal BR7 the 55 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 7 Phase 4. The Escrow Agent shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500. Upon receipt of funds for release of an Assignment for an ERU, the Escrow Agent shall immediately remit such payment to the District.

In 2017 and 2018, \$232,500 and \$300,000, respectively, was received by the District under the ERU Escrow Agreement for all phases of Filing 7.

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Notes to Financial Statements December 31, 2018

On September 28, 2017, as amended and restated on September 28, 2017, the District entered into an ERU Water Credit Escrow Agreement – NexMetro Development (“ERU Escrow Agreement NexMetro Development”) with Northwood, Nexmetro Buffalo Run, LLC (“Nexmetro”) and Land Title Guarantee Company (“Escrow Agent”). Nexmetro has acquired 14.29 acre property within the District from Northwood and the Buffalo Run Landowners have agreed to convey 80.07 FRICO ERU water credits and water option rights to Nexmetro. Since Northwood currently does not own any ERUs, the District has agreed to sell to Nexmetro the 80.07 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement NexMetro Development. The Escrow Agent shall immediately release the Assignments for the ERUs to Lokal upon receipt of \$600,525. Upon receipt of funds for the release of the Assignments for the ERUs, the Escrow Agent shall immediately remit such payment to the District. In 2018, \$600,525 was received by the District under the ERU Escrow Agreement NexMetro Development.

On May 30, 2017, the District entered into an ERU Water Credit Escrow Agreement – Filing 2 (“ERU Escrow Agreement Filing 2”) with Chambers, Chambers 120th, LLC (“Chambers 120th”) and Land Title Guarantee Company (“Escrow Agent”). Chambers 120th has acquired property within the District from Chambers and the Buffalo Run Landowners have agreed to convey 8 FRICO ERU water credits and water option rights to Chambers 120th. Since Chambers currently owns 2.39 ERUs, the District has agreed to sell to Chambers 120th the 5.61 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 2. The Escrow Agent shall immediately release the Assignments for the ERUs to Lokal upon receipt of \$42,075. Upon receipt of funds for the release of the Assignments for the ERUs, the Escrow Agent shall immediately remit such payment to the District. In 2017 and 2018, no funds were received by the District under the ERU Escrow Agreement Filing 2.

On May 30, 2017, the District entered into an ERU Water Credit Escrow Agreement – Filing 2 Lot 2 (“ERU Escrow Agreement Filing 2 Lot 2”) with Chambers, WDG Chambers, LLC (“WDG Chambers”) and Land Title Guarantee Company (“Escrow Agent”). WDG Chambers has acquired property within the District from Chambers and the Buffalo Run Landowners have agreed to convey 4 FRICO ERU water credits and water option rights to WDG Chambers. Since Chambers currently owns 1 ERU, the District has agreed to sell to WDG Chambers the 3 separate transfer agreements relating to the ERUs, which have been deposited by the District with the Escrow Agent. The District agrees to retain available ERU water connections under the Water Resource Agreement at least sufficient to cover the number of ERUs to be transferred pursuant to the ERU Escrow Agreement Filing 2 Lot 2. The Escrow Agent shall immediately release the Assignments for the ERUs to Lokal upon receipt of \$22,500. Upon receipt of funds for the release of the

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Assignments for the ERUs, the Escrow Agent shall immediately remit such payment to the District. In 2017 and 2018, no funds were received by the District under the ERU Escrow Agreement Filing 2.

On September 5, 2018, the District entered into an ERU Transfer and Statutory Lien – Filing 3 (“ERU Transfer Agreement Filing 3”) with Buckley and Lokal BR3, LLC (Lokal BR3”). Lokal BR3 has acquired property within the District from Buckley and the Buffalo Run Landowners have agreed to convey 113.86 FRICO ERU water credits and water option rights to Lokal BR3. Since Buckley currently does not own any ERUs, the District has agreed to sell to Lokal BR3 the 113.86 separate transfer agreements relating to the ERUs. The District has recorded a Statement of Lien in regards to the 113.86 FRICO ERU water credits and water option rights to be transferred pursuant to the ERU Transfer Agreement Filing 3. The District shall immediately release an Assignment for an ERU to Lokal upon receipt of \$7,500, which will terminate the ERU Lien against such lot. In 2018, no funds were received by the District under the ERU Transfer Agreement Filing 3.

Financing and Reimbursement Agreements

The District entered into a Financing and Reimbursement Agreement with the Landowners on February 12, 2002, which states that the District intends to reimburse any non-capital advances plus interest from the District’s revenues other than bond proceeds. These agreements cover advances from 2000, 2001 and 2002. The interest rate per the agreement is to be the highest rate of interest payable by the District on its Revenue Bonds Series 2000A. The District signed renewal agreements dated January 1, 2003. These agreements automatically renew each year unless either party provides notice of its intent not to renew. During 2018, the District received no advances under these agreements.

Note 6: Intergovernmental Agreement - City of Commerce City

Intergovernmental Agreement – 120th and Chambers Partnership

The Intergovernmental Agreement, dated March 20, 2002, provides that the City will allow the District an amount not to exceed 33% of the Building Permit Fees and 33% of the 3% City Sales and Use Tax collected within the Chambers Parcel subject to certain conditions. The City’s obligation will continue until all debt instruments to fund the public improvements have been retired, but not later than 15 years from the date construction is first initiated in the Chambers Parcel.

In addition, the City has agreed to pay the District up to 100% of the Road Impact Fees and any Additional Impact Fees collected by the City from properties within the District, not to exceed the costs of eligible improvements made by the District. On October 20, 2003, the City imposed a Regional Drainage Improvement Fee which comprises an Additional Impact Fee.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Intergovernmental Agreement – Northwood-McFall

The Intergovernmental Agreement, dated March 20, 2002, provides that the City will allow the District an amount not to exceed 33% of the Building Permit Fees and 33% of the 3% City Sales and Use Tax collected within the Buckley and Northwood Parcels. The City's obligation will continue until all debt instruments to fund the public improvements have been retired, but not later than 20 years from the date construction is first initiated in the Buckley and Northwood Parcels.

In addition, the City has agreed to pay the District up to 100% of the Road Impact Fees and any Additional Impact Fees collected by the City from properties within the District, not to exceed the costs of eligible improvements made by the District. On October 20, 2003, the City imposed a Regional Drainage Improvement Fee which comprises an Additional Impact Fee.

Prior to 2017, the City had reimbursed the District \$2,768,873 for both agreements. During 2018, the City reimbursed the District an additional \$466,837 for both agreements.

Reimbursement Agreement – E 112th Avenue Offsite Segment

Pursuant to the Reimbursement Agreement, effective September 15, 2016, the City will reimburse the District the actual costs of design and construction of the District Improvements Filing 7 PIA. Reimbursement under this agreement is limited to road impact funds actually collected from within the Property as defined in the Filing 7 PIA. No interest shall accrue on any reimbursement during any period during which Funds are inadequate to provide any reimbursement.

Reimbursement Agreement – High Plains Parkway Offsite Segment

Pursuant to the Reimbursement Agreement, effective September 15, 2016, the City will reimburse the District the actual costs of design and construction of the High Plains Parkway Offsite Segment. Reimbursement under this agreement is limited to road impact funds actually collected from within the Property as defined in the Filing 6 PIA. No interest shall accrue on any reimbursement during any period during which Funds are inadequate to provide any reimbursement.

Note 7: Other Agreements

Public Improvements Agreement

On March 7, 2014, the District and Northwood entered into an Assignment and Assumption Agreement. Per the Assignment and Assumption Agreement, the District agreed to assume the development obligations under the Public Improvement Agreement ("PIA"), that was entered into between Commerce City and Northwood on March 28, 2014, relating to the Phase I Improvements as described in the PIA. Per the PIA, an escrow, irrevocable letter of credit or performance surety bond payable to the City equal to 115% of the estimated costs of the Infrastructure Improvements, which is \$412,433, is to be provided prior to commencing construction. Per the PIA, an escrow,

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Notes to Financial Statements December 31, 2018

irrevocable letter of credit or performance surety bond payable to the City equal to 125% of the estimated costs of the Landscape Improvements, which is \$176,561, is to be provided prior to commencing construction. On May 19, 2014, the District opened Irrevocable Letters of Credit with Compass Bank in the amounts of \$412,433 and \$176,561, as security for the PIA Phase I improvements. Per the Letters of Credit with Compass Bank, the Letters of Credit shall be secured by amounts on deposit in one or more Credit Facility Security Accounts at least equal to the stated amounts of the Letters of Credit. As of December 31, 2016, the District had \$0 on deposit in the Credit Facility Security Account with Compass Bank.

Also, in regards to the Phase I Landscape Improvements referred to in the PIA, the District, Northwood, Lokal BR5, LLC (“Lokal”) and Land Title Guarantee Company entered into an Escrow and Disbursement Agreement. Per the Escrow and Disbursement Agreement, the District shall deposit in an escrow \$141,249 representing the engineering estimate of the cost of the landscape improvements. The Project Manager, Concord Partners, LLC, will request withdrawals of funds from the Escrow Account for payment of invoices and payment requests in connection with the landscape improvements. Interest earned on the Escrow Account will accrue for the benefit of the District, but shall remain in the Escrow Account subject to final disbursement. If the funds in the Escrow Account are insufficient to complete the landscape improvements, the District shall deposit such additional funds in the Escrow Account. If there are any funds remaining in the Escrow Account after the initial acceptance of the landscape improvements, the funds will be delivered to the District. On May 10, 2018, the District, Northwood, Lokal and Land Title Guarantee Company entered into the First Amendment to Escrow and Disbursement Agreement, pursuant to which the escrowed funds would be released temporarily to the District to meet certain cash requirements of the District related to obligations of the District to complete such improvements located in the Villages at Buffalo Run East Filing 7 Subdivision, as set forth in that certain letter agreement dated December 13, 2016 and that such escrowed funds will be replaced by the District back into the escrow account from proceeds of the Series 2018 Bonds. As of December 31, 2018, the District had \$0 on deposit in the Escrow Account with Land Title.

On August 18, 2016, the District and Buckley entered into a separate Partial Assignment and Assumption Agreement relating to an Agreement for Public Improvements (Villages at Buffalo Run East, Filing No. 6) (“Filing 6 PIA”), that was entered into between Buckley and Commerce City on March 23, 2016. Under this Partial Assignment and Assumption Agreement, the District assumed the obligations under the Filing 6 PIA as it pertains to the Off-Site District Development Work. Per the Filing 6 PIA, an escrow, irrevocable letter of credit or performance security bond payable to the City in the amount of 115% of the estimated Infrastructure Improvements for the Off-Site District Development Work, which is \$243,370, is to be provided prior to commencing construction. On October 14, 2016, the District opened an Irrevocable Letter of Credit with Citywide Bank in the amount of \$243,670 as security for the Filing 6 PIA. Per the Letter of Credit

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Notes to Financial Statements December 31, 2018

with Citywide Bank, the Letter of Credit will accrue interest at 18% and mature on April 14, 2018. A portion of the Letter of Credit in the amount of \$42,303.70 was extended to April 13, 2019. The Letter of Credit shall be secured by amounts on deposit at Citywide Bank in the Filing 6 PIA escrow account and an additional security account in the amount of \$25,000. As of December 31, 2018, the District had \$0 on deposit in the Credit Facility Security Account with Citywide Bank securing this Letter of Credit for the Filing 6 PIA. Also, in regards to the Filing 6 PIA, the District, Commerce City and Citywide Banks entered into an Improvement Escrow Agreement (“Escrow Agreement Filing 6 PIA”) on September 15, 2016. Per the Escrow Agreement Filing 6 PIA, the District shall deposit in an escrow \$243,670 representing 115% of the estimated Infrastructure Improvements for the Off-Site District Development Work under the Filing 6 PIA. The District will request withdrawals of funds from the Escrow Account for payment of invoices and payment requests in connection with the Filing 6 PIA improvements. If the funds in the Escrow Account does not equal 115% of the cost to complete the Filing 6 PIA Improvements, the District shall deposit such additional funds in the Escrow Account. If there are any funds remaining in the Escrow Account after the initial acceptance of the Filing 6 PIA Improvements, the funds will be delivered to the District and the corresponding letter of credit will be terminated. As of December 31, 2018, the District had \$44,773 on deposit in the Escrow Account with Citywide Bank.

On December 15, 2016, the District and Northwood entered into a separate Partial Assignment and Assumption Agreement relating to an Agreement for Public Improvements (Villages at Buffalo Run East, Filing No. 7) (“Filing 7 PIA”), that was entered into between Northwood and Commerce City on July 12, 2016. Under this Partial Assignment and Assumption Agreement, the District assumed the obligations under the Filing 7 PIA as it pertains to the District On-Site Improvements and District Off-Site Improvements (“District Improvements Filing 7 PIA”). Per the Filing 7 PIA, an escrow, irrevocable letter of credit or performance security bond payable to the City in the amount of 115% of the estimated Infrastructure Improvements for the District Improvements Filing 7A, which is \$807,341, is to be provided prior to commencing construction. On March 23, 2017, the District opened an Irrevocable Letter of Credit with Citywide Bank in the amount of \$807,341 as security for the Filing 7 PIA. Per the Letter of Credit with Citywide Bank, the Letter of Credit will accrue interest at 18% and mature on September 23, 2018. The Letter of Credit shall be secured by amounts on deposit at Citywide Bank in the Filing 7 PIA escrow account and an additional security account in the amount of \$25,000. As of December 31, 2018, the District had \$25,000 on deposit in the Credit Facility Security Account with Citywide Bank securing this Letter of Credit for the Filing 7 PIA. Also, in regards to the Filing 7 PIA, the District, Commerce City and Citywide Banks entered into an Improvement Escrow Agreement (“Escrow Agreement Filing 7 PIA”) in March 2017. Per the Escrow Agreement Filing 7 PIA, the District shall deposit in an escrow \$807,341 representing 115% of the estimated Infrastructure Improvements for the District Improvements Filing 7 PIA. The District will request withdrawals of funds from the Escrow

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Notes to Financial Statements December 31, 2018

Account for payment of invoices and payment requests in connection with the District Improvements Filing 7 PIA. If the funds in the Escrow Account does not equal 115% of the cost to complete the District Improvements Filing 7 PIA, the District shall deposit such additional funds in the Escrow Account. If there are any funds remaining in the Escrow Account after the initial acceptance of the District Improvements Filing 7 PIA, the funds will be delivered to the District and the corresponding letter of credit will be terminated. As of December 31, 2018, the District had \$88,081 on deposit in the Escrow Account with Citywide Bank.

On April 5, 2017, the District and Lokal BR7, LLC entered into a separate Partial Assignment and Assumption Agreement relating to an Agreement for Public Improvements (Villages at Buffalo Run East, Filing No. 7) ("Filing 7 PIA"), that was entered into between Northwood and Commerce City on July 12, 2016. Under this Partial Assignment and Assumption Agreement, the District assumed the obligations under the Filing 7 PIA as it pertains to a portion of the District On-Site Improvements and District Off-Site Improvements ("District Improvements Filing 7 PIA"). Per the Filing 7 PIA, an escrow, irrevocable letter of credit or performance security bond payable to the City in the amount of 115% of the estimated Infrastructure Improvements for the District Improvements Filing 7A, which is \$326,790, is to be provided prior to commencing construction. On August 8, 2017, the District opened an Irrevocable Letter of Credit with Citywide Bank in the amount of \$326,790 as security for the Filing 7 PIA. Per the Letter of Credit with Citywide Bank, the Letter of Credit will accrue interest at 18% and mature on February 8, 2019. The Letter of Credit shall be secured by amounts on deposit at Citywide Bank in the Filing 7 PIA escrow account and an additional security account in the amount of \$25,000. As of December 31, 2018, the District had \$25,000 on deposit in the Credit Facility Security Account with Citywide Bank securing this Letter of Credit for the Filing 7 PIA and the PIA. Also, in regards to the Filing 7 PIA, the District, Commerce City and Citywide Banks entered into an Improvement Escrow Agreement ("Escrow Agreement Stage 2 - Filing 7") in June 2017. Per the Escrow Agreement Stage 2 - Filing 7, the District shall deposit in an escrow \$326,789 representing 115% of the estimated Infrastructure Improvements for the District Improvements Filing 7 PIA. The District will request withdrawals of funds from the Escrow Account for payment of invoices and payment requests in connection with the District Improvements Filing 7 PIA. If the funds in the Escrow Account does not equal 115% of the cost to complete the District Improvements Filing 7 PIA, the District shall deposit such additional funds in the Escrow Account. If there are any funds remaining in the Escrow Account after the initial acceptance of the District Improvements Filing 7 PIA, the funds will be delivered to the District and the corresponding letter of credit will be terminated. As of December 31, 2018, the District had \$57,033 on deposit in the Escrow Account with Citywide Bank.

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Notes to Financial Statements December 31, 2018

On May 30, 2017, the District and Chambers entered into a separate Partial Assignment and Assumption Agreement relating to a Public Improvements Agreement (Agreement for Public Improvements, District Off-Site Improvements) (“PIA”) that was entered into between Chambers and Commerce City on April 27, 2017. Under this Partial Assignment and Assumption Agreement, the District assumed the obligations under the PIA as it pertains to a portion of the District Off-Site Improvements (“District Off-Site Improvements PIA”). Per the PIA, an irrevocable letter of credit or performance security bond payable to the City in the amount of 115% of the estimated Infrastructure Improvements and 125% of the estimated Landscape Improvements, which is \$66,652, is to be provided prior to commencing construction. On August 25, 2017, the District opened an Irrevocable Letter of Credit with Citywide Bank in the amount of \$66,652 as security for the PIA. Per the Letter of Credit with Citywide Bank, the Letter of Credit will accrue interest at 18% and mature on February 25, 2019. The Letter of Credit shall be secured by amounts on deposit at Citywide Bank in the PIA escrow account and an additional security account in the amount of \$25,000. As of December 31, 2018, the District had \$25,000 on deposit in the Credit Facility Security Account with Citywide Bank securing this Letter of Credit for the PIA and the Filing 7 PIA. Also, in regards to the PIA, the District, Commerce City and Citywide Banks entered into an Improvement Escrow Agreement (“Escrow Agreement Buffalo Run Filing No. 2”) on August 18, 2017. Per the Escrow Agreement Buffalo Run Filing No. 2, the District shall deposit in an escrow \$66,652 representing 115% of the estimated Infrastructure Improvements and 125% of the estimated Landscape Improvements for the District Improvements PIA. The District will request withdrawals of funds from the Escrow Account for payment of invoices and payment requests in connection with the District Improvements PIA. If the funds in the Escrow Account do not equal 115% of the cost to complete the Infrastructure Improvements and 125% of the cost to complete the Landscape Improvements for the PIA, the District shall deposit such additional funds in the Escrow Account. If there are any funds remaining in the Escrow Account after the initial acceptance of the Infrastructure and Landscape Improvements, the funds will be delivered to the District and the corresponding letter of credit will be terminated. As of December 31, 2018, the District had \$67,052 on deposit in the Escrow Account with Citywide Bank.

On September 5, 2018, the District and Buckley entered into a separate Partial Assignment and Assumption Agreement relating to an Agreement for Public Improvements (Villages at Buffalo Run East, Filing No. 3, Amendment No. 1, Traffic Signal Obligations) (“Filing 3 PIA”), that was entered into between Buckley and Commerce City on August 2, 2018. Under this Partial Assignment and Assumption Agreement, the District assumed the obligations under the Filing 3 PIA as it pertains to the cash-in-lieu of \$305,500, which constitutes one half of the cost of the design and construction of a future traffic signal to be constructed at 118th Ave and Highplains Parkway, in the City of Commerce City, on or before the 181st day following the execution date of the Filing 3 PIA. As of December 31, 2018, no payments have been made under this agreement.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

On May 30, 2017, the District, Chambers, WDG Chambers and Chambers 120th entered into a Development Agreement (“Development Agreement”). Per the Development Agreement, the District shall at its sole expense, construct and install the District Development Work, as defined in the Development Agreement, and shall repair the District Development Work as necessary until final inspection by the City. The parties agree that the District Development Work will be constructed and installed in 1 phase and all costs for the completion and warranty of the District Development Work shall be paid by the District. Construction of the District Development Work shall commence within 60 days and shall be completed as soon as possible, but within 180 days.

Note 8: Mill Levy Cap and Fee Limitation Agreement

On July 28, 2000, the District entered into an agreement with Richmond American Homes of Colorado, Inc., 120th & Chambers LLC, 120th & Buckley Associates Ltd., and Northwood Village Associates Ltd., which provided for a cap on the debt service mill levy and a limitation on the fees imposed by the District. The mill levy cap was set at 35 mills, subject to legislative or constitutionally imposed adjustments, for a minimum of five years beginning with the tax collection year of 2001. The removal of the cap after that time is subject to certain conditions being met. As of December 31, 2018, there was no cap on the District’s debt service mill levy pledged to pay the Series 2018A Bonds, since at the time of the issuance of the Series 2013 and 2016 Loans, the agreement in the opinion of the general counsel was no longer in force.

As required by this agreement, the District adopted a System Development Fee Resolution which authorized the District to impose a fee upon the application for a certificate of occupancy within the District. The original fees ranged between \$1,000 and \$2,000 for single family detached residential units, \$500 to \$750 depending on densities for single family attached or multi family units and \$10,000 per acre for all other structures. During 2018, the District collected \$364,304 in fees. In December 2018, the Board voted to increase the System Development Fee. Effective January 1, 2019, the fees ranged between \$1,760 and \$3,520 for single family detached residential units, \$880 to \$1,320 depending on densities for single family attached or multi family units and \$17,200 per acre for all other structures.

Note 9: Related Party

All of the Board of Directors are associated with the primary Landowners with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board and to the Secretary of State.

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

Note 10: Tax, Spending and Debt Limitations

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

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions, including debt service. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue or the revenue is pledged to pay voter authorized debt.

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 may require judicial interpretation.

On November 5, 1996, a majority of the District’s electors authorized the District to collect and spend up to \$250,000 annually all proceeds from levied taxes and investment income of the District without regard to any limitations under TABOR.

On November 7, 2000, a majority of the District’s electors authorized the District to collect and spend up to \$100,000 annually all proceeds from levied taxes and investment income of the District without regard to any limitations under TABOR.

Note 11: Risk Management

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

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2018

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

Note 12: Transfers

The District transferred \$50,000 from the General Fund to the Capital Projects Fund to fund the purchase of the ERU water connections, credits and option fee credits. The District transferred \$501,560 from the General Fund to the Debt Service Fund due to the \$200,000 maximum fund balance imposed on the General Fund per the Series 2010A Bond Resolution. The District transferred \$502,651 from the Capital Projects Fund to the Debt Service Fund in regards to the issuances of the Series 2018A and 2018B Bonds.

Note 13: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and loans payable and accrued bond/loan interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;

BUFFALO RIDGE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2018

- 3) governmental funds report bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

BUFFALO RIDGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2018

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
System development fees	\$ 855,000	\$ 364,304	\$ (490,696)
ERU sales	-	540,225	540,225
Property taxes	1,202,070	1,201,993	(77)
Specific ownership taxes	132,228	103,526	(28,702)
Interest income	<u>1,000</u>	<u>1,229</u>	<u>229</u>
Total Revenues	<u>2,190,298</u>	<u>2,211,277</u>	<u>20,979</u>
EXPENDITURES			
Bond interest expense	2,727,244	609,910	2,117,334
Bond/Loan principal	3,292,087	-	3,292,087
Miscellaneous expenses	200	70	130
Paying agent fees	2,000	-	2,000
Bond issuance costs	750,000	488,196	261,804
Treasurer's fees	18,031	18,037	(6)
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>6,839,562</u>	<u>1,116,213</u>	<u>5,723,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,649,264)	1,095,064	5,744,328
OTHER FINANCING SOURCES (USES)			
Bond proceeds	33,201,275	22,841,132	(10,360,143)
Bond premium	-	774,934	774,934
Payment to refunding agent	(20,245,593)	(24,713,145)	(4,467,552)
Transfers in (out)	360,590	1,004,211	643,621
Transfers in (out)	<u>(8,203,755)</u>	<u>-</u>	<u>8,203,755</u>
Total Other Financing Sources (Uses)	<u>5,112,517</u>	<u>(92,868)</u>	<u>(5,205,385)</u>
NET CHANGE IN FUND BALANCE	463,253	1,002,196	538,943
FUND BALANCE:			
BEGINNING OF YEAR	<u>1,034,057</u>	<u>747,074</u>	<u>(286,983)</u>
END OF YEAR	<u>\$ 1,497,310</u>	<u>\$ 1,749,270</u>	<u>\$ 251,960</u>

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

BUFFALO RIDGE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2018

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 8,000	\$ 239,550	\$ 231,550
Miscellaneous income	-	5,811	5,811
ERU sales	255,000	845,550	590,550
Conservation trust funds	<u>13,000</u>	<u>13,224</u>	<u>224</u>
Total Revenues	<u>276,000</u>	<u>1,104,135</u>	<u>828,135</u>
EXPENDITURES			
Capital improvements	11,068,820	3,283,818	7,785,002
Accounting	20,000	19,127	873
Construction management	104,000	121,932	(17,932)
Management fees	32,000	29,572	2,428
Legal	20,000	14,610	5,390
Miscellaneous	2,000	1,544	456
Letter of credit fees	-	-	-
Bond issuance costs	270,000	582,964	(312,964)
Contingency	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>11,526,820</u>	<u>4,053,567</u>	<u>7,473,253</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,250,820)	(2,949,432)	8,301,388
OTHER FINANCING SOURCES (USES)			
Bond proceeds	8,814,000	20,094,868	11,280,868
Bond premium	-	208,953	208,953
Transfers in (out)	-	(502,651)	(502,651)
Transfers in (out)	<u>8,203,755</u>	<u>50,000</u>	<u>(8,153,755)</u>
Total Other Financing Sources (Uses)	<u>17,017,755</u>	<u>19,851,170</u>	<u>2,833,415</u>
NET CHANGE IN FUND BALANCE	5,766,935	16,901,738	11,134,803
FUND BALANCE:			
BEGINNING OF YEAR	<u>654,324</u>	<u>809,503</u>	<u>155,179</u>
END OF YEAR	<u><u>\$ 6,421,259</u></u>	<u><u>\$ 17,711,241</u></u>	<u><u>\$ 11,289,982</u></u>

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

History of Assessed Valuations and Mill Levies for the District

Levy Collection Year	Assessed Valuation		Mill Levy		
	Amount	Percent Change	General Fund	Debt Service	Total
2014/2015	\$15,947,150	1.3%	5.000	37.827	42.827
2015/2016	20,436,250	28.1	5.000	37.827	42.827
2016/2017	21,268,240	4.1	5.000	37.827	42.827
2017/2018	29,043,220	36.6	5.471	41.389	46.860
2018/2019	31,465,070	8.3	5.471	41.389	46.860

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2014-2017, and Adams County Assessor's Office

Property Tax Collections in the District

Levy/ Collection Year	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate
2013/2014	\$ 674,315	\$ 674,199	99.98%
2014/2015	682,969	678,210	99.30%
2015/2016	875,223	875,155	99.99%
2016/2017	910,855	910,775	99.99%
2017/2018	1,360,965	1,360,878	99.99%
2018/2019 ⁽³⁾	1,474,453	1,434,843	97.31%

(1) Levied amounts do not reflect abatements or other adjustments

(2) The County Treasurer's collection fee has not been deducted from these amounts.

Figures do not include interest, fees and penalties.

(3) Distributed collections through June 30, 2019.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2013-2017; and Adams County Treasurer's Office

Ten Largest Taxpayers within the District

Taxpayer Name	2018 Assessed Valuation	Percentage of Total Assessed Valuation (1)
Lokal BR6 LLC	\$ 657,350	2.09%
Lokal BR7 LLC	635,250	2.02%
Public Service Co. of Colorado (Xcel Energy)	241,630	0.77%
YFP LLC	181,470	0.58%
H and A Storage LLC	178,200	0.57%
FD Interests LLC	166,000	0.53%
Watterson Russell N., et. al.	120,030	0.38%
Mary and Ernest Wagner	111,830	0.36%
Nexmetro Buffalo Run LLC	92,680	0.29%
120th and Chambers LLC	85,940	0.27%
TOTAL	<u>\$ 2,470,380</u>	<u>7.85%</u>

(1) Based on a 2018 assessed valuation of \$31,465,070.

Source: Adams County Assessor's Office

2018 Assessed Valuation of Classes of Property in the District

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation
Residential	\$ 28,404,100	90.27%
Vacant	2,751,240	8.74%
Personal Property	305,410	0.97%
State Assessed	2,670	0.01%
Agricultural	1,650	0.01%
TOTAL	<u>\$ 31,465,070</u>	<u>100.00%</u>

Selected Debt Ratios of the District

	<u>Total Debt ⁽¹⁾</u>	<u>Senior Debt ⁽²⁾</u>
Amount of Debt as of June 30, 2019	\$ 42,936,000	\$ 29,000,000
Overlapping Debt ⁽⁴⁾	<u>16,647,007</u>	<u>16,647,007</u>
Total Direct Debt and Overlapping Debt	\$ 59,583,007	\$ 45,647,007
2018 Assessed Valuation	\$ 31,465,070	\$ 31,465,070
Ratio of Direct Debt to 2018 District Certified Assessed Valuation	136%	92%
Ratio of Direct Debt Plus Overlapping Debt to 2018 District Certified Assessed Valuation	189%	145%
2017 District Statutory "Actual" Value (3)	\$ 405,056,458	\$ 405,056,458
Ratio of Direct Debt to 2018 District Statutory "Actual" Value	11%	7%
Ratio of Direct Debt Plus Overlapping Debt to 2018 District Statutory "Actual" Value	15%	11%

(1) The ratios in this column pertaining to the District's debt are based upon the total outstanding amount of District general obligation debt after the issuance of the Bonds. The total debt figure of \$42,936,000 is based upon: (a) the outstanding principal amount of the Series 2018A Bonds in the aggregate amount of \$29,000,000 and (b) the outstanding principal amount of the Series 2018B Bonds in the aggregate amount of \$13,936,000.

(2) The figure consists of the outstanding principal amount of the Series 2018A Bonds.

(3) This figure has been calculated using a statutory formula under which assessed valuation is calculated at 7.20% of the statutory "actual" value of residential property in the District, and 29% of the statutory "actual" value of other property within the District (with certain specified exceptions). Statutory "actual" value is not intended to represent market value.

(4) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt.

Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund

	Years Ended December 31,				
	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
REVENUE					
Property taxes	\$ 78,712	\$ 78,652	\$ 102,174	\$ 106,322	\$ 158,885
Specific ownership taxes	6,314	6,900	8,421	10,232	13,684
Interest income	276	481	3,345	6,217	19,374
Miscellaneous income	-	8	-	-	279
Building permit fee rebate	34,828	30,405	79,964	47,590	75,853
Road impact fees	35,430	61,412	127,363	62,593	143,721
Drainage fees	16,226	28,327	56,185	30,955	48,186
City sales/use tax rebate	32,363	61,272	188,928	113,807	199,077
Total revenue	\$ 204,149	\$ 267,457	\$ 566,380	\$ 377,716	\$ 659,059
EXPENDITURES					
Accounting	28,363	30,274	31,700	29,272	34,675
Audit	-	-	-	5,200	5,200
Election	1,800	-	2,487	-	1,751
Insurance/dues	3,652	3,482	4,064	4,427	6,551
Legal	22,703	21,140	27,297	26,265	24,050
Management fees	37,401	38,663	37,118	30,347	27,983
Miscellaneous expenses	3,671	1,928	2,760	4,647	2,459
Water irrigation	-	-	-	1,928	2,446
Treasurer's fees	1,181	1,181	1,534	1,595	2,384
Total expenditures	\$ 98,771	\$ 96,668	\$ 106,960	\$ 103,681	\$ 107,499
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	105,378	170,789	459,420	274,035	551,560
OTHER FINANCING SOURCES (USES)					
Transfers in/out	(54,451)	(170,788)	(459,422)	(274,035)	(551,560)
Total other financing sources (uses)	(54,451)	(170,788)	(459,422)	(274,035)	(551,560)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	50,927	1	(2)	-	-
FUND BALANCE - BEG. OF YEAR	149,074	200,001	200,002	200,000	200,000
FUND BALANCE - END OF YEAR	\$ 200,001	\$ 200,002	\$ 200,000	\$ 200,000	\$ 200,000

Sources: The District's audited financial statements for the years ended December 31, 2014-2018.

Statement of Revenue, Expenditures and Changes in Fund Balance - Debt Service Fund

	Years Ended December 31,				
	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual
REVENUE					
System development fees	\$ 19,890	\$ 67,600	\$ 153,760	\$ 173,460	\$ 364,304
Property taxes	595,487	595,034	772,987	804,373	1,201,993
Specific ownership taxes	47,766	52,200	63,712	77,412	103,526
ERU sales	-	-	-	-	540,225
Interest income	672	-	712	989	1,229
Total revenue	\$ 663,815	\$ 714,834	\$ 991,171	\$ 1,056,234	\$ 2,211,277
EXPENDITURES					
Bond/loan interest expense	534,439	532,003	792,388	895,187	609,910
Bond/loan principal	115,000	220,000	357,400	250,000	-
Bond/loan issue costs	-	-	-	-	488,196
Miscellaneous expenses	144	151	92	204	70
Paying agent fees	500	500	500	300	-
Treasurer's fees	8,937	8,933	11,602	12,070	18,037
Total expenditures	\$ 659,020	\$ 761,587	\$ 1,161,982	\$ 1,157,761	\$ 1,116,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,795	(46,753)	(170,811)	(101,527)	1,095,064
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	23,616,066
Payment to refunding agent	-	-	-	-	(24,713,145)
Transfers in/out	54,451	170,788	262,882	43,639	1,004,211
Total other financing sources (uses)	54,451	170,788	262,882	43,639	(92,868)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	59,246	124,035	92,071	(57,888)	1,002,196
FUND BALANCE - BEG. OF YEAR	529,610	588,856	712,891	804,962	747,074
FUND BALANCE - END OF YEAR	\$ 588,856	\$ 712,891	\$ 804,962	\$ 747,074	\$ 1,749,270

Sources: The District's audited financial statements for the years ended December 31, 2014-2018.

Statement of Revenue, Expenditures and Changes in Fund Balance - Capital Projects Fund

	Years Ended December 31,				
	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
REVENUE					
Conservation trust fund	\$ 11,402	\$ 11,710	\$ 13,614	\$ 12,838	\$ 13,224
Reimbursed expenses	128,916	-	-	-	-
Other revenue	-	-	-	-	5,811
ERU sales	-	-	-	315,000	845,550
Interest income	3,908	1,020	4,765	10,320	239,550
Total revenue	<u>\$ 144,226</u>	<u>\$ 12,730</u>	<u>\$ 18,379</u>	<u>\$ 338,158</u>	<u>\$ 1,104,135</u>
EXPENDITURES					
Capital Improvements	2,523,617	464,059	905,132	5,560,886	3,283,818
Accounting	2,327	1,424	7,007	17,743	19,127
Construction management	90,000	90,000	102,564	127,377	121,932
Engineering	221,210	140,472	-	-	-
Management fees	15,820	3,642	12,580	31,122	29,572
Legal	21,826	2,282	15,571	8,372	14,610
Miscellaneous	12,348	1,493	76	35	1,544
Letter of credit fees	-	-	9,659	12,508	-
Bond/loan issuance costs	-	-	154,322	5,860	582,964
Total expenditures	<u>\$ 2,887,148</u>	<u>\$ 703,372</u>	<u>\$ 1,206,911</u>	<u>\$ 5,763,903</u>	<u>\$ 4,053,567</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,742,922)</u>	<u>(690,642)</u>	<u>(1,188,532)</u>	<u>(5,425,745)</u>	<u>(2,949,432)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	20,303,821
Loan proceeds	-	-	5,300,000	-	-
Transfers in/out	-	-	196,540	230,396	(452,651)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,496,540</u>	<u>230,396</u>	<u>19,851,170</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>(2,742,922)</u>	<u>(690,642)</u>	<u>4,308,008</u>	<u>(5,195,349)</u>	<u>16,901,738</u>
FUND BALANCE - BEG. OF YEAR	<u>5,130,408</u>	<u>2,387,486</u>	<u>1,696,844</u>	<u>6,004,852</u>	<u>809,503</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,387,486</u>	<u>\$ 1,696,844</u>	<u>\$ 6,004,852</u>	<u>\$ 809,503</u>	<u>\$ 17,711,241</u>

Sources: The District's audited financial statements for the years ended December 31, 2014-2018.

Budget Summary and Comparison - General Fund

	2018			2019
	Annual Budget	Actual	Variance	Annual Budget
REVENUE				
Property taxes	\$ 158,895	\$ 158,885	\$ (10)	\$ 172,145
Specific ownership taxes	17,478	13,684	(3,794)	10,330
Interest income	9,000	19,374	10,374	18,000
Other revenue	-	279	279	-
Building permit fee rebate	100,000	75,853	(24,147)	100,000
Road impact fees	225,000	143,721	(81,279)	225,000
Drainage fees	60,000	48,186	(11,814)	70,000
City sales/use tax rebate	270,000	199,077	(70,923)	275,000
Total revenue	840,373	659,059	(181,314)	870,475
EXPENDITURES				
Accounting	26,500	34,675	(8,175)	35,000
Audit	5,400	5,200	200	5,400
Election	3,000	1,751	1,249	-
Engineering	2,000	-	2,000	-
Insurance/dues	5,000	6,551	(1,551)	7,250
Legal	25,000	24,050	950	26,000
Management fees	40,000	27,983	12,017	40,000
Miscellaneous expenses	3,500	2,459	1,041	4,000
Water irrigation	3,000	2,446	554	2,000
Treasurer's fees	2,383	2,384	(1)	2,582
Contingency	50,000	-	50,000	50,000
Total expenditures	165,783	107,499	58,284	172,232
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	674,590	551,560	(123,030)	698,243
OTHER FINANCING SOURCES (USES)				
Transfers in/out	(674,590)	(551,560)	123,030	(698,243)
Total other financing sources (uses)	(674,590)	(551,560)	123,030	(698,243)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCE - BEG. OF YEAR	200,000	200,000	-	200,000
FUND BALANCE - END OF YEAR	\$ 200,000	\$ 200,000	\$ -	\$ 200,000

Sources: District's budgets 2018 and 2019 and audited financial statements for the year ended December 31, 2018.

Budget Summary and Comparison - Debt Service Fund

	<u>2018</u>			<u>2019</u>
	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Annual Budget</u>
REVENUE				
System development fees	\$ 855,000	\$ 364,304	\$ (490,696)	\$ 596,410
Property taxes	1,202,070	1,201,993	(77)	1,302,308
Specific ownership taxes	132,228	103,526	(28,702)	78,138
ERU sales	-	540,225	540,225	390,000
Interest income	1,000	1,229	229	1,800
Total revenue	<u>2,190,298</u>	<u>2,211,277</u>	<u>20,979</u>	<u>2,368,656</u>
EXPENDITURES				
Bond/loan interest expense	2,727,244	609,910	2,117,334	1,956,499
Bond/loan principal	3,292,087	-	3,292,087	-
Bond/loan issue costs	750,000	488,196	261,804	-
Miscellaneous expenses	200	70	130	200
Paying agent fees	2,000	-	2,000	2,000
Treasurer's fees	18,031	18,037	(6)	19,535
Contingency	50,000	-	50,000	50,000
Total expenditures	<u>6,839,562</u>	<u>1,116,213</u>	<u>5,723,349</u>	<u>2,028,234</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,649,264)</u>	<u>1,095,064</u>	<u>5,744,328</u>	<u>340,422</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	33,201,275	23,616,066	(9,585,209)	-
Payment to refunding agent	(20,245,593)	(24,713,145)	(4,467,552)	-
Transfers in/out	(7,843,165)	1,004,211	8,847,376	698,243
Total other financing sources (uses)	<u>5,112,517</u>	<u>(92,868)</u>	<u>(5,205,385)</u>	<u>698,243</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>463,253</u>	<u>1,002,196</u>	<u>538,943</u>	<u>1,038,665</u>
FUND BALANCE - BEG. OF YEAR	<u>1,034,057</u>	<u>747,074</u>	<u>(286,983)</u>	<u>1,568,339</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,497,310</u>	<u>\$ 1,749,270</u>	<u>\$ 251,960</u>	<u>\$ 2,607,004</u>

Sources: District's budgets 2018 and 2019 and audited financial statements for the year ended December 31, 2018.

Budget Summary and Comparison - Capital Project Fund

	2018			2019
	Annual Budget	Actual	Variance	Annual Budget
REVENUE				
Conservation trust fund	\$ 13,000	\$ 13,224	\$ 224	\$ 13,000
Other revenue	-	5,811	5,811	-
ERU sales	255,000	845,550	590,550	-
Interest income	8,000	239,550	231,550	175,000
Total revenue	276,000	1,104,135	828,135	188,000
EXPENDITURES				
Capital Outlay	11,068,820	3,283,818	7,785,002	8,870,046
Accounting	20,000	19,127	873	20,000
Construction management	104,000	121,932	(17,932)	132,000
Management fees	32,000	29,572	2,428	32,000
Legal	20,000	14,610	5,390	20,000
Miscellaneous	2,000	1,544	456	2,000
Bond/loan issuance costs	270,000	582,964	(312,964)	-
Contingency	10,000	-	10,000	170,000
Total expenditures	11,526,820	4,053,567	7,473,253	9,246,046
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,250,820)	(2,949,432)	8,301,388	(9,058,046)
OTHER FINANCING SOURCES (USES)				
Debt issuance	8,814,000	20,303,821	11,489,821	-
Payment to refunding agent	-	-	-	-
Transfers in/out	8,203,755	(452,651)	(8,656,406)	-
Total other financing sources (uses)	17,017,755	19,851,170	2,833,415	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	5,766,935	16,901,738	11,134,803	(9,058,046)
FUND BALANCE - BEG. OF YEAR	654,324	809,503	155,179	18,327,174
FUND BALANCE - END OF YEAR	\$ 6,421,259	\$ 17,711,241	\$ 11,289,982	\$ 9,269,128

Sources: District's budgets 2018 and 2019 and audited financial statements for the year ended December 31, 2018.