



Buffalo Run Mesa
Metropolitan District
ADAMS COUNTY, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

July 20, 2020

To the Board of Directors
Buffalo Run Mesa Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Buffalo Run Mesa Metropolitan District as of and for the year ended December 31, 2019 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 and relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major funds of Buffalo Run Mesa Metropolitan District, as of December 31, 2019 and the respective changes in financial position and the budgetary comparison for the General Fund, Reserve Fund and Debt 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 an opinion on the financial statements that collectively comprise Buffalo Run Mesa Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary information, as listed in the table of contents, 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 it.

B F Beymer CPA PC

**Certified Public Accountants
Lakewood, CO**

BUFFALO RUN MESA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ -
Cash and investments – restricted	151,580
Accounts receivable – specific ownership taxes	3,198
Property taxes receivable	513,400
Prepaid expenses	5,702
Total Assets	\$ 673,880
LIABILITIES	
Accounts payable	\$ -
Accrued interest payable	727
Current portion of general obligation bonds and accreted interest	330,000
General obligation bonds	6,230,000
Total Liabilities	6,560,727
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	513,400
NET POSITION	
Restricted:	
Emergency reserves	1,100
Debt service	153,472
Non-spendable	5,702
Unassigned:	(6,560,521)
Total Net Position	(\$ 6,400,247)

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

BUFFALO RUN MESA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended December 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	\$ 497	\$ -	\$ -	\$ -	(\$ 497)
Interest and related costs on long-term debt	222,856	-	-	-	(222,856)
	<u>\$ 223,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(223,353)</u>
General Revenues					
					\$ 513,402
					41,701
					8,640
					<u>563,743</u>
					340,390
					<u>(6,740,637)</u>
					<u>(\$ 6,400,247)</u>

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

BUFFALO RUN MESA METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2019

	General	Debt Service	Total Government Funds
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Cash and investments - Restricted	-	151,580	151,580
Accounts receivable – spec ownership taxes	206	2,992	3,198
Property taxes receivable	33,100	480,300	513,400
Prepaid expenses	-	5,702	5,702
TOTAL ASSETS	\$ 33,306	\$ 640,574	\$ 673,880
LIABILITIES			
Accounts payable	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	33,100	480,300	513,400
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	33,100	480,300	513,400
FUND BALANCES			
Restricted:			
Emergencies (TABOR)	-	1,100	1,100
Debt service	-	153,472	153,472
Non-spendable:			
Unassigned	206	-	206
Total Fund Balances	206	160,274	160,480
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 33,306	\$ 640,574	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(6,560,000)
Accrued interest payable	(727)
Net position of governmental activities	<u>(\$6,400,247)</u>

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

BUFFALO RUN MESA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended December 31, 2019

	General	Debt Service	Total Government Funds
REVENUES			
Property taxes	\$ 33,097	\$ 480,305	\$ 513,402
Specific ownership taxes	2,688	39,013	41,701
Net investment income	-	8,640	8,640
Total revenues	35,785	527,958	563,743
EXPENDITURES			
Direct and indirect collection costs	497	32,141	32,638
Debt service			
Bond interest	-	190,715	190,715
Bond principal repayments	-	325,000	325,000
Total Expenditures	497	547,856	548,353
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,288	(19,898)	15,390
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(147,772)	147,772	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(112,484)	127,874	15,390
FIND BALANCES – BEGINNING OF YEAR	112,690	32,400	145,090
FUND BALANCES – END OF YEAR	\$ 206	\$ 160,274	\$ 160,480

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

BUFFALO RUN MESA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
 12-Month Period Ended December 31, 2019

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

Net change in fund balances – Total government funds	\$	15,390
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayments on bonds		325,000
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Changes in net position of governmental activities	\$	340,390
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These financial statements should be read only in connection with
 the accompanying notes to the financial statements.

BUFFALO RUN MESA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2019

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Property taxes	\$ 33,100	\$ 33,100	\$ 33,097	(\$ 3)
Specific ownership taxes	2,600	2,600	2,688	88
Net investment income	500	-	-	-
Total revenues	<u>36,200</u>	<u>35,700</u>	<u>35,785</u>	<u>85</u>
EXPENDITURES				
Direct and indirect collection costs	32,000	500	497	3
Total expenditures	<u>32,000</u>	<u>500</u>	<u>497</u>	<u>3</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,200</u>	<u>35,200</u>	<u>35,288</u>	<u>88</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(147,772)	(147,772)	-
Total other financing sources (uses)	<u>-</u>	<u>(147,772)</u>	<u>(147,772)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>4,200</u>	<u>(112,572)</u>	<u>(112,484)</u>	<u>88</u>
FUND BALANCE – BEGINNING OF YEAR	<u>108,437</u>	<u>112,690</u>	<u>112,690</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u><u>\$ 112,637</u></u>	<u><u>\$ 118</u></u>	<u><u>\$ 206</u></u>	<u><u>\$ 88</u></u>

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

BUFFALO RUN MESA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2019

NOTE 1 – DEFINITION OF REPORTING ENTITY

Buffalo Run Mesa Metropolitan District (District), a quasi-municipal corporation, was organized on June 17, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under an amended and restated service plan approved by Commerce City (City) on September 18, 2017. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation facilities, water facilities, sanitary and storm drainage improvements and mosquito control services within the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

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

These notes are an integral part of the accompanying financial statements.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

Budgets

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

Pooled Cash and Investments

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

These notes are an integral part of the accompanying financial statements.

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District invests certain funds in an external investment pool (ColoTrust) that records its investments at fair value. Investments in ColoTrust are categorized as Level 2 Investments.

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

Property taxes are recorded initially as deferred inflows or resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. In 2019, the District's share of Specific ownership taxes was equal to approximately 7.4% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

The District owns no land and provides no services to District residents and property owners. The District's sole function is to manage the repayment of the District's debts. Consequently, all costs incurred by the District are considered direct or indirect collection costs supporting the repayment of the District's debts.

These notes are an integral part of the accompanying financial statements.

Deferred Outflows of Resources and Deferred 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.

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2019 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Equity

Net Position

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

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

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental

These notes are an integral part of the accompanying financial statements.

fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- **Committed fund balance** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- **Assigned fund balance** – The portion of a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- **Unassigned fund balance** – The residual portion of a fund balance that does not meet any of the criteria described above.

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

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ -
Cash and investments – restricted	<u>151,580</u>
Total cash and investments	<u>\$ 151,580</u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 16,329
Investments	<u>135,251</u>
Total cash and investments	<u>\$ 151,580</u>

Deposits with Financial Institutions

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

These notes are an integral part of the accompanying financial statements.

maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2019, the District's cash deposits had a bank balance of \$11,664 and a carrying balance of \$16,329.

Investments

The District has adopted a formal investment policy in accordance with state statutes regarding investments.

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

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

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

As of December 31, 2019, the District's investments were comprised of the following:

Investment	Maturity	Fair Value
ColoTrust Plus+	Weighted average under 60 days	\$ 135,251

ColoTrust

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus finds. The State Securities Commissioner

These notes are an integral part of the accompanying financial statements.

administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. No limitations exist on the District's ability to withdraw funds invested in Colotrust. Colotrust is rated AAAM by Standard & Poor's.

NOTE 4 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt:

Balance at December 31, 2018	\$ 6,885,000
Principal repayments on Series 2016 Bonds	<u>(325,000)</u>
Balance at December 31, 2019	<u>\$ 6,560,000</u>

Details regarding the District's long-term obligations are as follows:

Note Payable

On October 6, 2017, the District issued a \$7,200,000 in General Obligation Note for the purpose of refinancing its 2004 and 2006 General Obligation Bonds. The bond is due December 1, 2035, with an interest of 2.77%, paid semiannually on June 1 and December 1. The bond may be redeemed prior to maturity, at the option of the District, on any date, upon payment of the present value (as defined in the September 27, 2017 authorizing resolution of the board) of the Note. The Note is payable from pledged revenue, including the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt scheduled payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the required mill levy.

The Note is secured by the Pledged Revenues and all moneys and earnings thereon. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy remitted to the District.

Per the District's service plan, no limitations exist on the mill levy the District can impose for debt service.

These notes are an integral part of the accompanying financial statements.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2017 General Obligation Note:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 330,000	\$ 181,712	\$ 511,712
2021	340,000	172,571	512,571
2022	350,000	163,153	513,153
2023	360,000	153,458	513,458
2024	370,000	143,486	513,486
2025 to 2029	2,005,000	558,155	2,563,155
2030 to 2034	2,305,000	264,258	2,569,258
2035	500,000	13,850	513,850
	<u>\$ 6,560,000</u>	<u>\$ 1,650,643</u>	<u>\$ 8,210,643</u>

Debt Authorization

On May 07, 2002, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$8,500,000 for infrastructure improvements and operations at an interest rate not to exceed 18% and \$8,000,000 for refunding the District's debt or other obligations.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	<u>Authorized May 2002 Election</u>	<u>Authorized Nov 2004 Election</u>	<u>Authorization Used</u>		<u>Authorization Remaining at Dec. 30, 2019</u>
			<u>2004</u>	<u>2006</u>	
Water	\$ 1,050,000	\$ 1,000,000	\$1,050,000	\$ 660,000	\$ 340,000
Sewer	950,000	1,000,000	950,000	440,000	560,000
Street Improvements	3,300,000	1,000,000	1,863,563	650,000	1,786,437
Park and Recreation	2,550,000	1,000,000	1,840,437	-	1,709,563
Traffic Safety Controls	150,000	1,000,000	-	-	1,150,000
Operation and Administration	500,000	-	-	-	500,000
Mosquito Control	-	500,000	-	-	500,000
Bond Refunding	8,000,000	-	-	-	8,000,000
	<u>\$16,500,000</u>	<u>\$5,500,000</u>	<u>\$5,704,000</u>	<u>\$ 1,750,000</u>	<u>\$ 14,546,000</u>

Pursuant to the District's Service Plan, the District is limited to issuing \$8,000,000 in bond indebtedness. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

As of December 31, 2019, the remaining, unused debt issuance authorization (excluding bond refunding authorization) totaling \$2,146,000 and \$4,400,000 will expire in accordance with 32-1-1101(2), C.R.S. in May 2022 and November 2024, respectively - 20 years after the original debt authorization election.

These notes are an integral part of the accompanying financial statements.

NOTE 5 – NET POSITION

The District has a net position consisting of three components – restricted, non-spendable and unassigned.

Restricted Net Position

The District's restricted net position as of December 31, 2019 in the general fund and debt service fund totaled \$0 and \$151,580, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 7 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2017 general obligation note per the debt mill levy and related note agreement.

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2019 in the general fund and debt service fund totaled \$5,702 and \$0, respectively. These balances were created due to the District prepaying certain 2020 expenses in 2019.

Unassigned Net Position

The District's unassigned net position as of December 31, 2019 totaled \$(6,560,521). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to Commerce City, South Adams County Water and Sanitation District and the Association.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss including (a) torts, thefts of, damage to, or destruction of assets, (b) errors or omissions and (c) acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to insure its member districts against various risks of loss. Settled claims have not exceeded this coverage in any of the past three years.

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

NOTE 7 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

These notes are an integral part of the accompanying financial statements.

On May 07, 2002, District voters authorized the District to assess property taxes at no more than \$150,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

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

These notes are an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

BUFFALO RUN MESA METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2019

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Property taxes	\$ 480,300	\$ 480,300	\$ 480,305	\$ 5
Specific ownership taxes	43,200	39,100	39,013	(87)
Net investment income	3,200	8,600	8,640	40
Total revenues	526,700	528,000	527,958	(42)
EXPENDITURES				
Direct and indirect collection costs	9,300	32,200	32,141	59
Debt service				
Bond interest	190,714	190,715	190,715	-
Bond principal repayments	325,000	325,000	325,000	-
Total expenditures	525,014	547,915	547,856	59
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,686	(19,915)	(19,898)	17
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	147,772	147,772	-
Total other financing sources (uses)	-	147,772	147,772	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,686	127,857	127,874	17
FUND BALANCE – BEGINNING OF YEAR	29,307	32,400	32,400	-
FUND BALANCE – END OF YEAR	\$ 30,993	\$ 160,257	\$ 160,274	\$ 17

BUFFALO RUN MESA METROPOLITAN DISTRICT
DEBT FUND –
COLLECTION COST DETAILS – BUDGET AND ACTUAL
 12-Month Period Ended December 31, 2019

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
DIRECT AND INDIRECT COLLECTION COSTS				
District management fees	\$ -	\$ 15,000	\$ 15,000	\$ -
Administrative costs	-	300	359	(59)
Audit fees	-	6,000	5,940	60
Collection fees – County Treasurer	7,300	7,200	7,209	(9)
Board of Directors’ fees	-	700	700	-
Board training and conferences	-	200	175	25
Insurance	-	2,400	2,358	42
Legal fees	-	-	-	-
Bond paying agent fees	2,000	400	400	-
Contingency	-	-	-	-
Total Direct and Indirect Collection Costs	\$ 9,300	\$ 32,200	\$ 32,141	\$ 59

BUFFALO RUN MESA METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2019

The District's repayment schedule for its Series 2017 general obligation note is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2020	\$ 330,000	\$ 181,712	2.770%	\$ 511,712
2021	340,000	172,571	2.770%	512,571
2022	350,000	163,153	2.770%	513,153
2023	360,000	153,458	2.770%	513,458
2024	370,000	143,486	2.770%	513,486
2025	380,000	133,237	2.770%	513,237
2026	390,000	122,711	2.770%	512,711
2027	400,000	111,908	2.770%	511,908
2028	410,000	100,828	2.770%	510,828
2029	425,000	89,471	2.770%	514,471
2030	435,000	77,699	2.770%	512,699
2031	450,000	65,649	2.770%	515,649
2032	460,000	53,184	2.770%	513,184
2033	475,000	40,442	2.770%	515,442
2034	485,000	27,284	2.770%	512,284
2035	500,000	13,850	2.770%	513,850
	\$6,560,000	\$ 1,650,643		\$ 8,210,643

Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st. The Bonds cannot be paid in advance without a redemption penalty.

BUFFALO RUN MESA METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2019

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2015	\$ 7,445,510	19.000	50.000	\$ 513,741	\$ 513,517	99.96%
2016	9,122,770	16.464	50.000	606,336	606,335	100.00%
2017	9,133,660	16.422	50.000	606,676	606,676	100.00%
2018	11,037,430	2.999	43.516	513,400	513,384	99.99%
2019	11,050,630	2.995	43.464	513,400	513,402	100.00%
2020	12,832,300	2.579	37.429	513,400	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

BUFFALO RUN MESA METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2019

	2020 Mill Levy *	2019 Mill Levy **	Change
Buffalo Run Mesa Metropolitan District	40.008	46.459	(6.451)
Brighton School District No. 27J	48.810	49.092	(0.282)
Commerce City North Infrastructure General Improvement District	20.000	27.000	(7.000)
Adams County	26.917	26.864	0.053
South Adams Fire District No. 4	14.750	14.750	-
Rangeview Library District	3.677	3.666	0.011
City of Commerce City	3.104	3.280	(0.176)
South Adams County Water and Sanitation District	2.449	2.714	(0.265)
Urban Drainage and Flood Control	0.900	0.726	0.174
Urban Drainage and Flood Control – South Platte	0.097	0.094	0.003
Total Mill Levy (Tax Area 598)	160.712	174.645	(13.933)

* -- For property tax collections in 2020

** -- For property tax collections in 2019

BUFFALO RUN MESA METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2019

	2015	2016	2017	2018	2019
Debt outstanding	\$ 6,874,000	\$ 6,874,000	\$ 7,200,000	\$ 6,885,000	\$ 6,560,000
Combined assessed property values within the District	\$ 9,122,770	\$ 9,133,660	\$ 11,037,430	\$ 11,050,630	\$ 12,832,300
Ratio of debt to assessed property values	75.4%	75.3%	65.2%	62.3%	51.1%