

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**Eagle County, Colorado**

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

**YEAR ENDED DECEMBER 31, 2020**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
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**YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Buckhorn Valley Metropolitan District No. 1  
Eagle County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Buckhorn Valley Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Buckhorn Valley Metropolitan District No. 1, as of December 31, 2020, and the respective changes in financial position thereof and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
September 30, 2021

## **BASIC FINANCIAL STATEMENTS**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 12,497	\$ 81,064	\$ 93,561
Cash and Investments - Restricted	3,000	-	3,000
Accounts Receivable - Services	-	19,798	19,798
Receivable from Buckhorn Valley MD No. 2	2,188	-	2,188
Due from Other Funds	-	61,394	61,394
Capital Assets, Net of Accumulated Depreciation	1,532,571	1,629,863	3,162,434
Long-Term Receivable:			
Capital Obligation - Buckhorn Valley MD No. 2	3,677,402	-	3,677,402
Total Assets	5,227,658	1,792,119	7,019,777
<b>LIABILITIES</b>			
Accounts Payable	15,385	28,203	43,588
Due to Other Funds	61,394	-	61,394
Unearned Revenue	-	5,415	5,415
Noncurrent Liabilities:			
Due in More Than One Year	3,746,946	-	3,746,946
Total Liabilities	3,823,725	33,618	3,857,343
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,532,571	1,629,863	3,162,434
Restricted for:			
Emergency Reserve	3,000	-	3,000
Unrestricted	(131,638)	128,638	(3,000)
Total Net Position	\$ 1,403,933	\$ 1,758,501	\$ 3,162,434

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

<b>FUNCTIONS/PROGRAMS</b>	Expenses	Program Revenues			Net Revenue (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Government Activities:							
General Government	\$ 220,560	\$ 23,471	\$ -	\$ 40,000	\$ (157,089)	\$ -	\$ (157,089)
Intergovernmental Agreement	-	-	-	272,525	272,525	-	272,525
Interest on Long-Term Obligations	245,127	-	-	-	(245,127)	-	(245,127)
Total Governmental Activities	<u>\$ 465,687</u>	<u>\$ 23,471</u>	<u>\$ -</u>	<u>\$ 312,525</u>	(129,691)	-	(129,691)
Business-Type Activities:							
Enterprise, Including Depreciation	\$ 434,027	\$ 386,914	\$ -	\$ -	-	(47,113)	(47,113)
Total Business-Type Activities	<u>\$ 434,027</u>	<u>\$ 386,914</u>	<u>\$ -</u>	<u>\$ -</u>	-	(47,113)	(47,113)
<b>GENERAL REVENUES</b>							
Other Income					-	6,145	6,145
<b>TRANSFERS</b>							
Transfer of Capital Assets, Net					(5,631)	5,631	-
Other Transfers					86,157	(86,157)	-
Total General Revenues and Transfers					<u>80,526</u>	<u>(74,381)</u>	<u>6,145</u>
<b>CHANGE IN NET POSITION</b>					(49,165)	(121,494)	(170,659)
Net Position - Beginning of Year					<u>1,453,098</u>	<u>1,879,995</u>	<u>3,333,093</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 1,403,933</u>	<u>\$ 1,758,501</u>	<u>\$ 3,162,434</u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Capital Projects	Capital Projects - Abrams Creek	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 12,497	\$ -	\$ -	\$ 12,497
Cash and Investments - Restricted	3,000	-	-	3,000
Receivable from Buckhorn Valley MD No. 2	2,188	-	-	2,188
Total Assets	<u>\$ 17,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,685</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 15,385	\$ -	\$ -	\$ 15,385
Due to Other Funds	-	-	61,394	61,394
Total Liabilities	15,385	-	61,394	76,779
<b>FUND BALANCES (DEFICITS)</b>				
Restricted For:				
Emergency Reserves	3,000	-	-	3,000
Unassigned:				
General Government	(700)	-	(61,394)	(62,094)
Total Fund Balances (Deficits)	2,300	-	(61,394)	(59,094)
Total Liabilities and Fund Balances (Deficits)	<u>\$ 17,685</u>	<u>\$ -</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				1,532,571
Other long-term assets held by the District toward payment for infrastructure built on behalf of another district do not represent current financial resources and, therefore, are not reported in the funds.				3,677,402
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(3,746,946)
Net Position of Governmental Activities				<u>\$ 1,403,933</u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	General	Capital Projects	Capital Projects - Abrams Creek	Total Governmental Funds
<b>REVENUES</b>				
Service Obligation from Buckhorn Valley MD No. 2	\$ 73,873	\$ -	\$ -	\$ 73,873
Storage Lot Rental Fees	23,471	-	-	23,471
Contribution - Trout Unlimited	-	-	40,000	40,000
Total Revenues	<u>97,344</u>	<u>-</u>	<u>40,000</u>	<u>137,344</u>
<b>EXPENDITURES</b>				
General Government:				
Accounting	28,982	-	-	28,982
Audit Fees	12,350	-	-	12,350
District Management	33,694	375	-	34,069
Dues and Subscriptions	942	-	-	942
Insurance and Bonds	5,878	-	-	5,878
Legal	29,217	191	-	29,408
Storage Lot Expense	23,471	-	-	23,471
Recall Election Expense	6,473	-	-	6,473
Website Maintenance	1,295	-	-	1,295
Repairs and Maintenance	-	14,334	-	14,334
Capital Outlay:				
Parks and Recreation	-	18,900	-	18,900
Total Expenditures	<u>142,302</u>	<u>33,800</u>	<u>-</u>	<u>176,102</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(44,958)	(33,800)	40,000	(38,758)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	46,726	39,431	-	86,157
Transfer to Other Funds	-	(5,631)	-	(5,631)
Total Other Financing Sources (Uses)	<u>46,726</u>	<u>33,800</u>	<u>-</u>	<u>80,526</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,768	-	40,000	41,768
Fund Balances (Deficits) - Beginning of Year	<u>532</u>	<u>-</u>	<u>(101,394)</u>	<u>(100,862)</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ (61,394)</u>	<u>\$ (59,094)</u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$	41,768
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. This is the amount of capital outlay-related items in the current period:

Depreciation		(44,458)
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Costs incurred to construct and operate infrastructure in the District are uses of currently available resources. However, Buckhorn Valley Metropolitan District No. 2 has and will continue to reimburse the District for these costs, net of revenues collected. Therefore, the net amount is recorded as an increase or decrease in long-term receivables.

		198,652
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Some expenses reported in the statement of activities do not require the use of current financial resource and, therefore, are not reported as expenditures in the governmental funds:

Accrued interest on Developer Advances - Change in Liability		<u>(245,127)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (49,165)</u></u>
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**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Service Obligation from Buckhorn Valley MD No. 2	\$ 73,863	\$ 73,893	\$ 73,873	\$ (20)
Storage Lot Rental Fees	-	24,000	23,471	(529)
Other Income	1,000	4,000	-	(4,000)
Total Revenues	<u>74,863</u>	<u>101,893</u>	<u>97,344</u>	<u>(4,549)</u>
<b>EXPENDITURES</b>				
General Government:				
Accounting	32,000	29,000	28,982	18
Audit Fees	5,500	12,000	12,350	(350)
Management/Operations/Supervision	40,000	34,000	33,694	306
Dues and Subscriptions	500	1,000	942	58
Insurance and Bonds	11,000	6,000	5,878	122
Legal	25,000	30,000	29,217	783
Miscellaneous	1,500	-	-	-
Storage Lot Expense	-	24,000	23,471	529
Recall Election Expense	-	6,500	6,473	27
Website Maintenance	-	1,500	1,295	205
Contingency	4,500	-	-	-
Total Expenditures	<u>120,000</u>	<u>144,000</u>	<u>142,302</u>	<u>1,698</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(45,137)	(42,107)	(44,958)	(2,851)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	45,437	45,437	46,726	1,289
Total Other Financing Sources (Uses)	<u>45,437</u>	<u>45,437</u>	<u>46,726</u>	<u>1,289</u>
<b>NET CHANGE IN FUND BALANCES</b>	300	3,330	1,768	(1,562)
Fund Balance - Beginning of Year	<u>2,000</u>	<u>532</u>	<u>532</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,300</u>	<u>\$ 3,862</u>	<u>\$ 2,300</u>	<u>\$ (1,562)</u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Enterprise Fund
<b>ASSETS</b>	
Cash and Investments	\$ 81,064
Due from Other Funds	61,394
Accounts Receivable	19,798
Capital Assets, Not Being Depreciated:	
Water Rights	776,285
Capital Assets, Net:	
Irrigation Water System	853,578
Total Assets	1,792,119
<b>LIABILITIES</b>	
Accounts Payable	28,203
Unearned Revenue	5,415
Total Liabilities	33,618
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,629,863
Unrestricted	128,638
Total Net Position	\$ 1,758,501

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Enterprise Fund
<b>OPERATING REVENUES</b>	
Water Usage Fees	\$ 386,914
Total Operating Revenues	386,914
<b>OPERATING EXPENSES</b>	
General and Administrative:	
Accounting	28,982
Billing	15,604
Management/Operations/Supervision	85,147
Dues and Subscriptions	442
Insurance	5,878
Legal	14,631
Office Expenses	1,023
Miscellaneous	8,056
Operations and Maintenance:	
Water System Operations and Maintenance	100,922
Repairs and Maintenance	29,407
Utilities	12,103
Depreciation	131,832
Total Operating Expenses	434,027
<b>OPERATING LOSS</b>	(47,113)
<b>OTHER REVENUES AND EXPENDITURES</b>	
Other Income	6,145
Capital Assets Transferred from CP Fund	5,631
Transfer to Other Funds	(86,157)
Total Other Revenues and Expenditures	(74,381)
<b>CHANGE IN NET POSITION</b>	(121,494)
Net Position - Beginning of Year	1,879,995
<b>NET POSITION - END OF YEAR</b>	\$ 1,758,501

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 395,675
Payments to Suppliers	<u>(294,675)</u>
Net Cash Provided by Operating Activities	101,000

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Other Income	6,145
Receipts from Interfund Services	43,294
Net Transfers from (to) Governmental Funds	<u>(86,157)</u>
Net Cash Used by Noncapital Financing Activities	<u>(36,718)</u>

**NET INCREASE IN CASH AND INVESTMENTS**

64,282

Cash and Investments - Beginning of Year

16,781

**CASH AND INVESTMENTS - END OF YEAR**

\$ 81,063

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (47,113)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	7,558
Increase (Decrease) in Accounts Payable	7,520
Increase (Decrease) in Unearned Revenue	1,203
Depreciation Expense	<u>131,832</u>
Net Cash Provided by Operating Activities	<u><u>\$ 101,000</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES**

Net capital activities in the amount of \$5,631 were transferred from governmental activities to business-type activities.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Buckhorn Valley Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Eagle County on May 17, 2000 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was created in conjunction with Buckhorn Valley Metropolitan District No. 2 (District No. 2). The Districts were organized pursuant to a consolidated service plan approved by the Town Council of Gypsum on January 11, 2000, as amended and restated by the 2009 Consolidated Service Plan for Buckhorn Valley Metropolitan District Nos. 1 and 2, dated July 14, 2009, to provide street, drainage, traffic and safety control, transportation, water, sanitary sewage, television relay and translator, mosquito and pest control, and park and recreation improvements and facilities within and without the Districts. The District's service area is in the Town of Gypsum, Colorado.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 2.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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.

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

The Capital Projects Fund – Abrams Creek Fund is used to account for financial resources to be used for the acquisition and construction of capital facilities financed with grant monies.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for the offering of water services.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the government's enterprise function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Budgets**

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

The District amended its budget for the year ended December 31, 2020.

**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.

**Cash Equivalents**

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Capital Assets**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following economic useful lives:

Water/Irrigation System	20 Years
Monuments/Entryways	20 Years
Water Line	20 Years
Drainage System	20 Years
Parks and Recreation	20 Years

**Fund Equity**

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

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

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

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Fund Equity (Continued)**

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

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

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

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Deficits**

The following individual fund had a deficit reported in the fund financial statements as of December 31, 2020:

Capital Projects Fund - Abrams Creek	\$	(61,394)
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It is anticipated that this deficit will be eliminated with the payment of intergovernmental revenue in the future.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	\$	93,561
Cash and Investments - Restricted		3,000
Total Cash and Investments		<u><u>96,561</u></u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$	96,561
Total Cash and Investments		<u><u>96,561</u></u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 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, 2020, the District's cash deposits had a bank and carrying balance of \$96,561.

**Investments**

The District practices an investment policy to invest public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conforms to all federal, state, and local statutes governing the investment of public funds.

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

As of December 31, 2020, the District had no investments.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 198,500	\$ -	\$ -	\$ 198,500
Construction in Process	1,241,428	-	1,241,428	-
Total Capital Assets, Not Being Depreciated	1,439,928	-	1,241,428	198,500
Capital Assets, Being Depreciated:				
Parks Entryway	154,751	-	-	154,751
Storm Drainage	113,677	-	-	113,677
Parks and Recreation	-	158,327	-	158,327
Abrams Creek Water Line	-	1,083,101	-	1,083,101
Total Capital Assets, Being Depreciated	268,428	1,241,428	-	1,509,856
Less Accumulated Depreciation For:				
Parks Entryway	(77,330)	(7,738)	-	(85,068)
Storm Drainage	(53,997)	(5,684)	-	(59,681)
Parks and Recreation	-	(3,958)	-	(3,958)
Abrams Creek Water Line	-	(27,078)	-	(27,078)
Total Accumulated Depreciation	(131,327)	(44,458)	-	(175,785)
Total Capital Assets Being Depreciated, Net	137,101	1,196,970	-	1,334,071
Governmental Capital Assets, Net	<u>\$ 1,577,029</u>	<u>\$ 1,196,970</u>	<u>\$ 1,241,428</u>	<u>\$ 1,532,571</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Water Rights	\$ 770,654	\$ 5,631	\$ -	\$ 776,285
Total Capital Assets, Not Being Depreciated	770,654	5,631	-	776,285
Capital Assets, Being Depreciated:				
Irrigation Water System	2,734,509	-	-	2,734,509
Total Capital Assets, Being Depreciated	2,734,509	-	-	2,734,509
Less Accumulated Depreciation For:				
Irrigation Water System	(1,749,099)	(131,832)	-	(1,880,931)
Total Accumulated Depreciation	(1,749,099)	(131,832)	-	(1,880,931)
Total Capital Assets Being Depreciated, Net	985,410	(131,832)	-	853,578
Business-Type Capital Assets, Net	<u>\$ 1,756,064</u>	<u>\$ (126,201)</u>	<u>\$ -</u>	<u>\$ 1,629,863</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:		
General Government		\$ 44,458
Total Depreciation Expense - Governmental Activities		<u>\$ 44,458</u>
Business-Type Activities:		
Irrigation Water System		\$ 131,832
Total Depreciation Expense - Business-Type Activities		<u>\$ 131,832</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Amounts Due Within One Year
Buckhorn Valley Development LLC					
Accrued Interest	\$ 3,501,819	\$ 245,127	\$ -	\$ 3,746,946	\$ -
Total	<u>\$ 3,501,819</u>	<u>\$ 245,127</u>	<u>\$ -</u>	<u>\$ 3,746,946</u>	<u>\$ -</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Construction Loan Agreement**

On July 20, 2000, the District entered into an agreement with Roark Partners LLLP (Roark), whereby Roark agreed to loan the District a sum not-to-exceed the aggregate of \$9,000,000 to provide revenues to the District for capital expenditures. The loan proceeds are received as requested by the District to pay authorized invoices, upon receipt of which the District records the amount received, date received, and the total accumulated principal-to-date as detailed in the loan agreement. Each advance bears interest from the date received at 6% annual simple interest through September 30, 2001, at a rate equal to  $\frac{2}{3}$  of the rate incurred by Roark from October 1, 2001 through November 4, 2003, and at a rate of 7% thereafter, per the First Amended and Restated Loan Agreement dated November 4, 2003 (and as subsequently amended on March 19, 2007 and December 5, 2007). In February of 2008, the principal obligation to Roark was refunded from proceeds of general obligation bonds issued by Buckhorn Valley Metropolitan District No. 2.

On August 29, 2008, the project was sold by Roark to Buckhorn Valley Development LLC (BV Development), whereby the accrued interest on the Roark Loan was assigned to BV Development and the original \$9,000,000 construction loan agreement was renewed and extended to BV Development. During the transition period, additional advances were made by Roark under the same terms as the original note agreement, resulting in the segregated note balance and additional accrued interest as reflected in the summary above. The principal balance of the loan was repaid in 2010 and as of December 31, 2020, the remaining unpaid accrued interest was \$3,746,946. There is no amortization schedule for the unpaid interest; therefore, a schedule of annual debt service requirement is not presented. The loan agreement is subject to annual renewal and appropriation; however, the loan agreement has not been renewed, and no funds have been appropriated to its repayment.

**Authorized Debt**

On the following dates, the District's electors authorized the incurrence of general obligation indebtedness in the following amounts at an interest rate not to exceed 18% for a maximum term of 20 and 40 years. At December 31, 2020, the District has authorized but unissued indebtedness for the following purposes:

	Authorized May 2, 2000 Election	Authorized November 7, 2000 Election	Authorized November 7, 2006 Election	Remaining at December 31, 2020
Streets	\$ 3,000,000	\$ 3,000,000	\$ 6,000,000	\$ 12,000,000
Traffic and Safety	1,000,000	1,000,000	-	2,000,000
Water	7,980,000	7,980,000	-	15,960,000
Sanitation	3,325,000	3,325,000	-	6,650,000
Parks and Recreation	3,990,000	3,990,000	-	7,980,000
Television Relay	500,000	500,000	-	1,000,000
Mosquito Control	250,000	250,000	-	500,000
Operations and Maintenance	500,000	5,000,000	-	5,500,000
Refunding	21,280,000	21,280,000	-	42,560,000
Intergovernmental Agreements	21,280,000	21,280,000	-	42,560,000
Total	<u>\$ 63,105,000</u>	<u>\$ 67,605,000</u>	<u>\$ 6,000,000</u>	<u>\$ 136,710,000</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS**

**District Facilities Construction and Service Agreement**

The First Amended and Restated District Facilities Construction and Service Agreement (the Agreement), dated March 3, 2003, generally provides that Buckhorn Valley Metropolitan District No. 2 (the Taxing District) will pay to Buckhorn Valley Metropolitan District No. 1 (the Operating District) over a period of years the costs of: 1) the construction, acquisition, and equipping of certain public facilities and services (the Facilities); and 2) the operation and maintenance of the Facilities. The Agreement states that the obligation required thereunder is a general obligation debt of the Taxing District, subject to certain limitations and, as such, the question of whether the Taxing District should enter into and perform the Agreement was submitted at an election held on May 2, 2000 and was approved by the District electorate.

Under the Agreement, the Taxing District covenants to levy the taxes necessary, together with other available funds, to meet the payment obligations set forth in the Agreement. In return for the payment of the monies required to be paid under the Agreement, the Operating District agrees to: 1) acquire, construct, and equip the Facilities; 2) thereafter provide for their operation and maintenance; and 3) utilize the Facilities, provide or have others provide to the property within, and the inhabitants of both Districts, all related services (the Services), including but not limited to water and sanitation services, street maintenance, television services, parks and recreation services, and mosquito control services, as well as certain administrative services.

As set forth in the Agreement, though the total obligation of the Taxing District represented by the Agreement will be treated for financial disclosure purposes as a \$48,060,000 debt obligation, the actual obligations to provide for the construction, acquisition and equipping of the Facilities and for the provision of the Services, are classified as two separate obligations and each is contingent and limited to the extent that the Taxing District is able to meet its obligations through certain limited means. In the case of the Facilities, except as provided below, in any given year the Taxing District is obligated to fund its construction and acquisition only to the extent it would be capable of funding it through the issuance of general obligation debt in an aggregate principal amount not to exceed the greater of \$2 million or 50% of the assessed value of the taxable property within the boundaries of the Taxing District as they may, from time to time, be enlarged. Such general obligation debt limitation is subject to automatic increase if applicable Colorado law increases the amount by which such debt may be issued. The Taxing District has the option in any year to pay for the construction, acquisition, and equipping costs of the Facilities on an annual basis pursuant to the provisions of and the schedule set forth in the Agreement.

Similarly, in the case of the Services, in any given year the Taxing District is obligated to fund its costs only to the extent it is capable of funding through tax revenues resulting from the certification by the Taxing District against the assessed value of the taxable property lying within its boundaries, as such boundaries may from time to time be enlarged.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**District Facilities Construction and Service Agreement (Continued)**

To the extent that in any year the Taxing District does not fund its obligations under the Agreement, the amounts not funded are carried forward as obligations in future years under the Agreement. In addition, the Operating District may supplement the revenues from the Taxing District through the imposition of fees against the properties and inhabitants of the Taxing District for the services that the Operating District provides.

The Agreement may be terminated by either District upon one year's notice, provided that the Taxing District may terminate the Agreement only if, prior to the time of termination, all remaining payments and financial obligations set forth in the Agreement are paid to the Operating District in full. The Operating District may terminate the Agreement only if, in the context of the termination, the Operating District either: 1) transfers to the Taxing District, free and clear and in its entirety, its interest in the Facilities and in each and every one of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by the Operating District and necessary for the continued provision of the Services; or 2) makes the transfer to another governmental entity or entities pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be satisfactory to the Board of Directors of the Taxing District; or 3) in the event the Operating District is dissolved in accordance with Colorado law, makes the transfer pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be held in accordance with that law by an appropriate Colorado Court. During 2018 and 2019, there was a service liability credit, which was applied to the amount due for the capital obligation. In 2020, the credit was not applied to the capital obligation.

The following is an analysis of the changes in the Taxing District's Capital obligations for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance
Service Obligation Liability	\$ -	\$ -	\$ 211,964	\$ (211,964)
Capital Obligation Liability	3,478,750	410,616	-	3,889,366
Total	<u>\$ 3,478,750</u>	<u>\$ 410,616</u>	<u>\$ 211,964</u>	<u>\$ 3,677,402</u>

**Advance and Reimbursement and Facilities Acquisition Agreement**

The Advance and Reimbursement and Facilities Acquisition Agreement (ARFAA) entered into between Buckhorn Valley Metropolitan District No. 1 and Buckhorn Valley Metropolitan District No. 2 (the Districts), and Buckhorn Valley Development, LLC (BV Development), on January 13, 2009, generally provides that the advance of funds by BV Development for the organization of the Districts, maintenance and operation costs shall be reimbursed together with an interest rate of 8% annum on such sums advanced. In addition, the advance of funds by BV Development for capital construction of certain public improvements and facilities shall be reimbursed, upon certification and approval by the Districts, from the issuance of Bonds, whereas the Districts are authorized to issue public debt instruments, including general obligation bonds, which the Districts may issue for the purpose of satisfying its obligations to construct or acquire the public infrastructure necessary

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Advance and Reimbursement and Facilities Acquisition Agreement (Continued)**

for the development of the Districts. In the event the Bonds do not issue, the proceeds from such Bonds are not sufficient to repay the advances, or additional advances are made thereunder, the Districts shall make payment for the actual capital construction costs from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the Districts. This reimbursement obligation is and shall be subordinate to any bonded indebtedness of the Districts now in existence or hereafter created and shall be subject to the limitations of the Districts' Service Plan. The payment of obligations under the ARFAA are subject to annual appropriation by the Board of Directors of the Districts in their sole discretion, and the terms and conditions of the agreement shall not be construed as a multiple-fiscal year direct or indirect District debt or other financial obligation within the meaning of Article X, Section 20 of the Colorado Constitution. As of December 31, 2020, the District had no outstanding obligations under the ARFAA.

**Management Services Agreement**

On September 11, 2010, the District and Buckhorn Valley Metropolitan District No. 2 entered into a Management Services Agreement with Colorado Land Management LLC. The Agreement generally provides that the manager shall conduct all of the Districts' ordinary operational and business affairs, shall provide general supervision and project administration for all projects, facilities and contracts, and provide property management services. District No. 1 shall direct the manager in the provision of the Management Services under the Agreement, and the manager shall obtain approval from District No. 1 prior to providing any Management Services that vary from the Management Services set forth in the Agreement, whereas District No. 1 is responsible for the management of the affairs of both District No. 1 and District No. 2 pursuant to the Master Intergovernmental Agreement between the Districts. The Manager shall be paid a monthly base management fee of \$5,000, plus an hourly rate for services not included in the monthly base management fee. The Management Services Agreement has been renewed annually since 2010. During 2020, \$216,826 was paid to Colorado Land Management LLC under this agreement.

On August 1, 2020, the District and Buckhorn Valley Metropolitan District No. 2 entered into a Management Services Agreement with Public Alliance, LLC (District Manager). The Agreement generally provides that the District Manager shall conduct all of the Districts' ordinary operational and business affairs, shall provide general supervision and project administration for all projects, facilities and contracts, and provide property management services. District No. 1 shall direct the District Manager in the provision of the Management Services under the Agreement, and the District Manager shall obtain approval from District No. 1 prior to providing any Management Services that vary from the Management Services set forth in the Agreement, whereas District No. 1 is responsible for the management of the affairs of both District No. 1 and District No. 2 pursuant to the Master IGA between the Districts. The District Manager shall be paid an hourly rate for services plus expenses. The Management Agreement has been renewed through December 31, 2021.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Abrams Creek Flow Improvement Agreement**

On June 28, 2016, The District and Trout Unlimited, Inc. (Trout Unlimited) entered into an agreement for the purpose of partnering on a Project to improve flows in Abrams Creek for the benefit of its native cutthroat trout fishery while preserving the District's ability to fully utilize its decreed water rights. The District owns JPO Ditch No. 2 which diverts water from Abrams Creek. Water diverted by JPO Ditch No. 2 is delivered to the District's irrigated lands. Preliminary estimates are that as much as 40% of the water diverted does not reach the irrigated lands due to ditch leakage. The District also diverts water at times from Abrams Creek during free river conditions for storage and plans to continue that practice. The goals of the District and Trout Unlimited are to improve flows in Abrams Creek for the benefit of its native cutthroat fishery by improving the efficiency of the District's diversion and delivery system. The District and Trout Unlimited propose to pipe portions of the JPO Ditch No. 2 to improve the efficiency of the delivery of water to the District's irrigated lands and reduce diversions from Abrams Creek for the benefit of the cutthroat fishery.

Trout Unlimited is responsible for seeking \$1.2 million in funding for the Project through application for grants and/or donations. The District will be responsible for seeking funding in addition to the \$1.2 million, if any, as may be needed to complete the Project, provided that any financial obligations of the District are subject to annual appropriations. Funding will be used for Project design, permitting, engineering, construction, maintenance, and other costs associated with the design, approval and construction of the Project. Funding may be used to reimburse costs already incurred in the permitting and design of the Project but only if permitted under the terms of the grants and/or donations. The District is responsible for determining the 1) optimal design of the Project, 2) design, plans and specifications to meet the Project goals, and 3) contracting for construction and overseeing the construction of the Project. Once construction of the Project is completed, the District will be the exclusive owner of the Project infrastructure and will be responsible for the operation and maintenance of the Project.

In July 2017, the Colorado Water Conservation Board (CWCB) approved a grant for the Project in the amount of \$549,700. As of December 31, 2020, the District has received grant monies from CWCB in the amount of \$549,700, from Trout Unlimited in the amount of \$315,000, and from the Town of Gypsum in the amount of \$100,000. These funds were used for design and construction of the Project, which was completed in 2020.

**RV Lot Management Agreement**

On September 1, 2019, the District entered into an agreement with S&C Storage (S&C) whereby S&C will conduct all ordinary operation and management matters of the District's RV storage lot and the approximately 35 RV storage spaces therein. S&C will collect monthly rental on the RV lots as compensation under the agreement. The District will recognize the monthly lot rental as miscellaneous revenue with an offsetting storage lot expense. The agreement expires on December 31, 2019, with an automatic renewal on January 1, 2020, for five one-year terms, subject to the District's annual appropriation of funds, or upon ratification in writing at least five days prior to the termination date.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had net investment in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 1,532,571	\$ 1,629,863
Total	\$ 1,532,571	\$ 1,629,863

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, the District had restricted net position as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 3,000
Total Restricted Assets	\$ 3,000

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

The District's unrestricted net position as of December 31, 2020, is \$(3,000), which is comprised of \$(131,638) for governmental activities and \$128,638 for business-type activities.

**NOTE 8 RELATED PARTIES**

The prior developer of the property which constitutes the District was Roark Partners, LLLP (Roark). During 2020, one member of the Board of Directors had a financial interest in Roark. Roark is the owner of Buckhorn Valley Metropolitan District No. 2 Series 2008 subordinate bonds.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 RELATED PARTIES (CONTINUED)**

During 2011, the property owned by BV Development was foreclosed on and acquired by CDDR Properties – OG, LLC, a Texas limited liability company, and a subsidiary of Texas Capital Bank N.A. In December 2013, the development was purchased by BV Firewheel LLC and BV FW Landco LLC, both of which are Texas limited liability companies. One Board member is the registered agent and consultant of Colorado Land Management LLC (see Note 6) and another Board member is the owner of a company that has contracted to provide construction improvements to the District. During 2020, the following amounts were paid to and/or are owed to related parties for services and capital improvements:

	Payments Made 2020	Balance Due at December 31, 2020
Colorado Land Management LLC	\$ 216,826	\$ 25,774
Total	\$ 216,826	\$ 25,774

**Lease Agreement**

On April 15, 2021, the District entered into a lease agreement with Christiane Hepfer to lease the Building located at 11 Bridger Drive, Gypsum, CO 81637 at a monthly rental amount of \$3,300. The lease agreement ends March 31, 2022, subject to the District's annual budgeting and appropriations. The Building is to be used and occupied as general office and shop space. The District acknowledges and consents to the concurrent lease of a portion of the Building to Green Valley Homes, LLC, BV Firewheel, LLC and BV Devco, LLC, with certain areas of the Building being provided for common use to be shared by the tenants.

**NOTE 9 INTERFUND TRANSFERS**

The Capital Projects Fund conveyed \$5,631 of water rights to the Enterprise Fund. The Enterprise Fund transferred \$86,157 to the General Fund and Capital Projects Fund to pay for administrative and capital expenditures.

**NOTE 10 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for most risks of loss. No claims were made against this policy during 2020. Prior to 2020, the District participated in the Colorado Special Districts Property and Liability Pool.

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known 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.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations in the Enterprise Fund qualifies for this exclusion.

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

On May 2, 2000, and again on November 7, 2000, a majority of the District's electors authorized an annual increase of up to \$500,000 in property tax collections for operations and maintenance and to collect, retain, and spend up to \$250,000 annually from any other revenue source other than ad valorem taxes.

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 but not limited to the interpretation of how to calculate Fiscal Year Spending and other limits, will require judicial interpretation.

**NOTE 12 SUBSEQUENT EVENT**

The District received a letter dated June 16, 2021 from attorney's retained by BV Firewheel, LLC, the owner of certain undeveloped property in the District, asserting that the District's fees are invalid and advising that they will not pay fees going forward. The District is currently reviewing this matter.

## **SUPPLEMENTARY INFORMATION**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Transfer from Buckhorn Valley MD No. 2	\$ 3,111,000	\$ -	\$ (3,111,000)
Total Revenues	3,111,000	-	(3,111,000)
<b>EXPENDITURES</b>			
Legal	-	191	(191)
Repairs and Maintenance	-	14,334	(14,334)
Management	-	375	(375)
Water Rights - Legal	25,000	-	25,000
Water Rights - Management	20,000	-	20,000
Parks and Recreation	25,000	-	25,000
Capital Outlay	3,111,000	18,900	3,092,100
Total Expenditures	3,181,000	33,800	3,147,200
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(70,000)	(33,800)	36,200
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Other Funds	145,000	39,431	(105,569)
Transfer to Other Funds	-	(5,631)	(5,631)
Total Other Financing Sources (Uses)	145,000	33,800	(111,200)
<b>NET CHANGE IN FUND BALANCE</b>	75,000	-	(75,000)
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 75,000	\$ -	\$ (75,000)

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
 CAPITAL PROJECTS FUND – ABRAMS CREEK  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Contribution - Trout Unlimited	\$ -	\$ 40,000	\$ 40,000
Total Revenues	-	40,000	40,000
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	40,000	40,000
Fund Balance (Deficit) - Beginning of Year	-	(101,394)	(101,394)
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	\$ -	\$ (61,394)	\$ (61,394)

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Water Usage Fees	\$ 410,000	\$ 386,914	\$ (23,086)
Other Income	-	6,145	6,145
Total Revenues	410,000	393,059	(16,941)
<b>EXPENDITURES</b>			
General Administration:			
Accounting	32,000	28,982	3,018
Dues and Licenses	500	442	58
Insurance and Bonds	11,000	5,878	5,122
Management/Operations/Supervision	50,000	85,147	(35,147)
Legal Services	5,000	14,631	(9,631)
Miscellaneous	6,330	8,056	(1,726)
Billing	15,000	15,604	(604)
Office Expenses	6,000	1,023	4,977
Contingency	1,170	-	1,170
Operations and Maintenance:			
Water System Operations/Maintenance	28,000	100,922	(72,922)
Repairs and Maintenance	50,000	29,407	20,593
Utilities	15,000	12,103	2,897
Vehicle Expense	5,000	-	5,000
Water Rights	-	5,631	(5,631)
Total Expenditures	225,000	307,826	(82,826)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	185,000	85,233	(99,767)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Assets Transferred from CP Fund	-	5,631	5,631
Transfer to Other Funds	(190,437)	(86,157)	104,280
Total Other Financing Sources (Uses)	(190,437)	(80,526)	109,911
<b>NET CHANGE IN FUNDS AVAILABLE</b>	(5,437)	4,707	10,144
Funds Available - Beginning of Year	23,337	123,931	100,594
<b>FUNDS AVAILABLE - END OF YEAR</b>	\$ 17,900	\$ 128,638	\$ 110,738

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
ENTERPRISE FUND  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT  
OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
DECEMBER 31, 2020**

	Actual
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (Budgetary Basis)	\$ 393,059
Capital assets transferred from Capital Projects Fund	5,631
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position	398,690
Expenditures (Budgetary Basis)	393,983
Depreciation	131,832
Capital outlay	(5,631)
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	520,184
Changes in Net Position per Statement of Revenues, Expenses and Changes in Net Position	\$ (121,494)