



**Buffalo Run Mesa**  
**Metropolitan District**  
ADAMS COUNTY, COLORADO



**ANNUAL FINANCIAL STATEMENTS**

**December 31, 2020**

## Table of Contents

STATEMENT OF NET POSITION .....	1
STATEMENT OF ACTIVITIES .....	2
BALANCE SHEET – GOVERNMENTAL FUNDS .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES .....	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES .....	5
GENERAL FUND .....	6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	6
NOTES TO FINANCIAL STATEMENTS .....	7
SUPPLEMENTARY INFORMATION .....	17
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL .....	18
DEBT FUND – COLLECTION COST DETAILS – BUDGET AND ACTUAL .....	19
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY .....	20
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED .....	21
OTHER SUPPLEMENTARY INFORMATION .....	22
CHANGE IN TOTAL OVERLAPPING MILL LEVY .....	23
HISTORICAL DEBT RATIOS .....	24

## INDEPENDENT AUDITOR'S REPORT

July 21, 2021

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, 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 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 presentation of the financial statements 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, 2020 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 Boyer CPA PC

**Certified Public Accountants**  
**Lakewood, CO**

**BUFFALO RUN MESA METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
December 31, 2020

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ -
Cash and investments – restricted	163,625
Accounts receivable – specific ownership taxes	-
Property taxes receivable	513,400
Prepaid expenses	5,463
<b>Total Assets</b>	<b>\$ 682,488</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 445
Accrued interest payable	727
Current portion of general obligation bonds and accreted interest	340,000
General obligation bonds	5,890,000
<b>Total Liabilities</b>	<b>6,231,172</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	513,400
<b>NET POSITION</b>	
Restricted:	
Emergency reserves	1,200
Debt service	161,980
Non-spendable	5,463
Unassigned:	( 6,230,727)
<b>Total Net Position</b>	<b>(\$ 6,062,084)</b>

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, 2020

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
<b>Primary Government:</b>					
<b>Government Activities:</b>					
General government activities	\$ -	\$ -	\$ -	\$ -	(\$ -)
Interest and related costs on long-term debt	( 215,506)	-	-	-	( 215,506)
	<u>(\$ 215,506)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>( 215,506)</u>
<b>General Revenues</b>					
					\$ 513,395
					37,677
					<u>2,597</u>
					<u>553,669</u>
					<u>338,163</u>
					<u>( 6,400,247)</u>
					<u>(\$ 6,062,084)</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, 2020

	General	Debt Service	Total Government Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Cash and investments - Restricted	-	163,625	163,625
Accounts receivable – spec ownership taxes	-	-	-
Property taxes receivable	-	513,000	513,000
Prepaid expenses	-	5,463	5,463
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 682,488</b>	<b>\$ 682,488</b>
<b>LIABILITIES</b>			
Accounts payable	-	445	445
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	-	513,400	513,400
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>513,845</b>	<b>513,845</b>
<b>FUND BALANCES</b>			
Restricted:			
Emergencies (TABOR)	-	1,200	1,200
Debt service	-	163,180	163,180
Non-spendable:			
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>168,643</b>	<b>168,643</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 682,488</b>	

**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		( 6,230,000)
Accrued interest payable		( 727 )
<b>Net position of governmental activities</b>		<b><u>(\$6,062,084)</u></b>

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, 2020

	General	Debt Service	Total Government Funds
<b>REVENUES</b>			
Property taxes	\$ 33,095	\$ 480,300	\$ 513,395
Specific ownership taxes	2,429	35,248	37,677
Net investment income	1,101	1,496	2,597
Total revenues	36,625	517,044	553,669
<b>EXPENDITURES</b>			
Direct and indirect collection costs	-	33,794	33,794
Debt service			
Bond interest	-	181,712	181,712
Bond principal repayments	-	330,000	330,000
Total Expenditures	-	545,506	545,506
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	36,625	( 28,462)	8,163
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(36,831)	36,831	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 206)	8,369	8,163
<b>FIND BALANCES – BEGINNING OF YEAR</b>	206	160,274	160,480
<b>FUND BALANCES – END OF YEAR</b>	\$ -	\$ 168,643	\$ 168,643

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, 2020

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

Net change in fund balances – Total government funds	\$	8,163
--	----	-------

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		330,000
-------------------------------	--	---------

<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>338,163</b>
---	-----------	----------------

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, 2020

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 33,100	\$ 33,095	(\$ 5)
Specific ownership taxes	2,300	2,429	129
Net investment income	5,000	1,101	( 3,899)
<b>Total revenues</b>	<u>40,400</u>	<u>36,625</u>	<u>( 3,775)</u>
<b>EXPENDITURES</b>			
General and administration	31,200	-	31,200
Election services	5,000	-	5,000
Collections – County Treasurer	500	-	500
<b>Total expenditures</b>	<u>36,700</u>	<u>-</u>	<u>36,700</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,700</u>	<u>36,625</u>	<u>32,925</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	( 5,900)	( 36,831)	( 30,931)
<b>Total other financing sources (uses)</b>	<u>( 5,900)</u>	<u>( 36,831)</u>	<u>( 30,931)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>( 2,200)</u>	<u>( 206)</u>	<u>1,994</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>128,900</u>	<u>206</u>	<u>( 128,694)</u>
<b>FUND BALANCE – END OF YEAR</b>	<u><b>\$ 126,700</b></u>	<u><b>\$ -</b></u>	<u><b>(\$ 126,700)</b></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, 2020

**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 2020, the District's share of Specific ownership taxes was equal to approximately 7.3% 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, 2020 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, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ -
Cash and investments – restricted	<u>163,625</u>
<b>Total cash and investments</b>	<b><u>\$ 163,625</u></b>

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

Deposits with financial institutions	\$ 20,929
Investments	<u>142,696</u>
<b>Total cash and investments</b>	<b><u>\$ 163,625</u></b>

### 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

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

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.

As of December 31, 2020, the District's cash deposits had a bank balance of \$20,684 and a carrying balance of \$20,929.

## 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, 2020, the District's investments were comprised of the following:

Investment	Maturity	Fair Value
ColoTrust Plus+	Weighted average under 60 days	\$ 142,696

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

## 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 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 Colostrust. Colostrust 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, 2019	\$ 6,560,000
Principal repayments on Series 2016 Bonds	<u>( 330,000)</u>
Balance at December 31, 2020	<u>\$ 6,230,000</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>
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	380,000	133,237	513,237
2026 to 2030	2,060,000	502,617	2,562,617
2031 to 2035	2,370,000	200,409	2,570,409
	<u>\$ 6,230,000</u>	<u>\$ 1,468,931</u>	<u>\$ 7,698,931</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. On November 02, 2004, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$5,500,000 for infrastructure improvements an interest rate not to exceed 18%.

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, 2020</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, 2020, 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, 2020 in the general fund and debt service fund totaled \$0 and \$164,383, 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, 2020 in the general fund and debt service fund totaled \$0 and \$5,463, respectively. These balances were created due to the District prepaying certain 2021 expenses in 2020.

### **Unassigned Net Position**

The District's unassigned net position as of December 31, 2020 totaled \$(6,230,727). 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, 2020

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
<b>REVENUES</b>				
Property taxes	\$480,300	\$480,300	\$480,300	\$ -
Specific ownership taxes	33,600	33,600	35,248	1,648
Net investment income	2,100	2,100	1,496	( 604)
Total revenues	516,000	516,000	517,044	1,044
<b>EXPENDITURES</b>				
Direct and indirect collection costs	8,188	33,888	33,794	94
<b>Debt service</b>				
Bond interest	181,712	181,712	181,712	-
Bond principal repayments	330,000	330,000	330,000	-
Total expenditures	519,900	545,600	545,506	94
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 3,900)	( 29,600)	(28,462)	1,138
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	5,900	5,900	36,831	30,931
Total other financing sources (uses)	5,900	5,900	38,831	30,931
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	2,000	( 23,700)	8,369	32,069
<b>FUND BALANCE – BEGINNING OF YEAR</b>	31,000	31,000	160,274	129,274
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ 33,000</b>	<b>\$ 7,300</b>	<b>\$168,643</b>	<b>\$ 161,343</b>

BUFFALO RUN MESA METROPOLITAN DISTRICT  
**DEBT FUND –**  
**COLLECTION COST DETAILS – BUDGET AND ACTUAL**  
 12-Month Period Ended December 31, 2020

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>				
District management fees	\$ -	\$ 16,000	\$ 16,000	\$ -
Administrative costs	-	500	485	15
Audit fees	-	6,000	5,940	60
Collection fees – County Treasurer	7,300	7,700	7,709	( 9)
Board of Directors’ fees	-	800	800	-
Board training and conferences	-	100	50	50
Insurance	-	2,400	2,410	( 10)
Legal fees	-	-	-	-
Bond paying agent fees	888	388	400	( 12)
Contingency	-	-	-	-
<b>Total Direct and Indirect Collection Costs</b>	<b>\$ 8,188</b>	<b>\$ 33,888</b>	<b>\$ 33,794</b>	<b>\$ 94</b>

BUFFALO RUN MESA METROPOLITAN DISTRICT  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
 December 31, 2020

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

Year Ended December 31,	Principal	Interest	Interest Rate	Total
<b>2021</b>	\$ 340,000	\$ 172,571	2.770%	\$ 512,571
<b>2022</b>	350,000	163,153	2.770%	513,153
<b>2023</b>	360,000	153,458	2.770%	513,458
<b>2024</b>	370,000	143,486	2.770%	513,486
<b>2025</b>	380,000	133,237	2.770%	513,237
<b>2026</b>	390,000	122,711	2.770%	512,711
<b>2027</b>	400,000	111,908	2.770%	511,908
<b>2028</b>	410,000	100,828	2.770%	510,828
<b>2029</b>	425,000	89,471	2.770%	514,471
<b>2030</b>	435,000	77,699	2.770%	512,699
<b>2031</b>	450,000	65,649	2.770%	515,649
<b>2032</b>	460,000	53,184	2.770%	513,184
<b>2033</b>	475,000	40,442	2.770%	515,442
<b>2034</b>	485,000	27,284	2.770%	512,284
<b>2035</b>	500,000	13,850	2.770%	513,850
	<b>\$6,230,000</b>	<b>\$ 1,468,931</b>		<b>\$ 7,698,931</b>

Interest is payable each year on June 1<sup>st</sup> and December 1<sup>st</sup>, and principal payments are due each year on December 1<sup>st</sup>. 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, 2020

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)	
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	513,395	100.00%
2021	12,895,320	0.000	39.813	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, 2020

	2021 Mill Levy *	2020 Mill Levy *	Change
Buffalo Run Mesa Metropolitan District	39.813	40.008	( 0.195)
Brighton School District No. 27J	48.745	48.810	( 0.065)
Commerce City North Infrastructure General Improvement District	20.000	20.000	-
Adams County	26.897	26.917	( 0.020)
South Adams Fire District No. 4	14.750	14.750	-
Rangeview Library District	3.670	3.677	( 0.007)
City of Commerce City	3.200	3.104	0.096
South Adams County Water and Sanitation District	2.490	2.449	0.041
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.100	0.097	0.003
<b>Total Mill Levy (Tax Area 598)</b>	<b>160.565</b>	<b>160.712</b>	<b>( 0.147)</b>

\* -- For property tax collections in 2021

\*\* -- For property tax collections in 2020

BUFFALO RUN MESA METROPOLITAN DISTRICT  
**HISTORICAL DEBT RATIOS**  
 December 31, 2020

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Debt outstanding	\$ 6,874,000	\$ 7,200,000	\$ 6,885,000	\$ 6,560,000	\$ 6,230,000
Combined assessed property values within the District	\$ 9,133,660	\$ 11,037,430	\$ 11,050,630	\$ 12,832,300	\$ 12,895,320
Ratio of debt to assessed property values	75.3%	65.2%	62.3%	51.1%	48.3%