

**BUFFALO MOUNTAIN  
METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS  
December 31, 2023**



**Logan and Associates, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Buffalo Mountain Metropolitan District  
Summit County, Colorado

### Report on the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Buffalo Mountain Metropolitan District (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the Buffalo Mountain Metropolitan District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Buffalo Mountain Metropolitan District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and budgetary comparison schedule on pages i – iv and 21 – 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buffalo Mountain Metropolitan District's basic financial statements.

The accompanying budgetary comparison schedule for the water and sewer utility fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule of the water and sewer utility fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule of the water and sewer utility fund is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Logan and Associates, LLC*

Aurora, Colorado  
June 13, 2024

BUFFALO MOUNTAIN METROPOLITAN DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2023

This management's discussion and analysis of the Buffalo Mountain Metropolitan District's financial statements provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

#### **USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

#### ***Government-wide Statements***

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in net position. The District's net position— the difference between assets deferred outflows, and liabilities and deferred inflows – is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the infrastructure, are needed to assess the *overall health* of the District.

#### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. The District's only governmental fund, the General Fund, is considered a major fund. Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

*Governmental funds* – The District's activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental

BUFFALO MOUNTAIN METROPOLITAN DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2023

fund financial statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is provided in reconciliations following the fund financial statements.

**THE DISTRICT AS A WHOLE**

***Statement of Net Position***

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District’s net position for the fiscal years 2023 and 2022.

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>						
Current Assets	3,953,867	1,760,779	5,714,646	3,387,795	(300,099)	3,087,696
Investments - Long Term	-	-	-	-	1,760,000	1,760,000
Investment in Joint Venture	-	2,731,861	2,731,861	-	2,606,356	2,606,356
Capital & Right of Use Assets, Net	2,594,964	8,170,663	10,765,627	2,822,878	8,278,381	11,101,259
Total Assets	<u>6,548,831</u>	<u>12,663,303</u>	<u>19,212,134</u>	<u>6,210,673</u>	<u>12,344,638</u>	<u>18,555,311</u>
<u>Liabilities and Deferred Inflows:</u>						
Current Liabilities	-	367,834	367,834	-	186,575	186,575
Non Current Liabilities	-	2,569,690	2,569,690	-	2,732,757	2,732,757
Deferred Inflows	1,397,379	-	1,397,379	1,298,172	-	1,298,172
Total Liabilities & Deferred Inflows	<u>1,397,379</u>	<u>2,937,524</u>	<u>4,334,903</u>	<u>1,298,172</u>	<u>2,919,332</u>	<u>4,217,504</u>
<u>Net Position:</u>						
Invested in Capital Assets,	2,594,964	5,578,888	8,173,852	2,822,878	5,555,079	8,377,957
Restricted for Emergencies	63,000	-	63,000	61,800	-	61,800
Restricted for Debt Service	-	436,124	436,124	-	195,872	195,872
Unrestricted	2,493,488	3,710,767	6,204,255	2,027,823	3,674,355	5,702,178
Total Net Position	<u>5,151,452</u>	<u>9,725,779</u>	<u>14,877,231</u>	<u>4,912,501</u>	<u>9,425,306</u>	<u>14,337,807</u>

A substantial portion of the District’s assets consist of current assets. Additionally, the District has a substantial investment in long term investments which are held with the intent to hold until maturity of the investments but which can be easily liquidated if necessary. The District also has a significant investment in a joint venture and a large investment in capital assets. The District has long term liabilities of approximately \$2,600,000. The District’s net position increased \$539,424 during 2023 as a result of a surplus of revenues over expenses in both the governmental and business-type activities.

***Statement of Activities***

The perspective of the Statement of Activities is of the District as a whole. The statement of activities reflects the cost of program expenses and the charges and taxes which are used to offset the cost of those services. The following detail reflects the total cost of services supported by program revenues and general property and sales taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2023 and 2022.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2023

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
<b>General Revenues:</b>						
Taxes	1,838,028	-	1,838,028	1,890,995	-	1,890,995
Investment Income	111,688	44,269	155,957	35,306	27,471	62,777
Miscellaneous Income	37,616	98,316	135,932	22,271	46,217	68,488
<b>Program Revenues:</b>						
Charges for Services	1,000	2,113,923	2,114,923	500	1,708,597	1,709,097
Grants and Contributions	127,451	12,600	140,051	123,810	34,164	157,974
Transfers	(215,000)	215,000	-			
Total Revenues	<u>1,900,783</u>	<u>2,484,108</u>	<u>4,384,891</u>	<u>2,072,882</u>	<u>1,816,449</u>	<u>3,889,331</u>
<b>Program Expenses:</b>						
General Government	411,742	-	411,742	290,836	-	290,836
Public Works	1,239,578	-	1,239,578	1,196,511	-	1,196,511
Parks and Recreation	10,512	-	10,512	173,706	-	173,706
Water and Sewer Utility	-	2,130,973	2,130,973	-	1,946,454	1,946,454
Interest on Long-term debt	-	52,662	52,662	-	54,810	54,810
Total Expenses	<u>1,661,832</u>	<u>2,183,635</u>	<u>3,845,467</u>	<u>1,661,053</u>	<u>2,001,264</u>	<u>3,662,317</u>
Change in Net Position	<u>238,951</u>	<u>300,473</u>	<u>539,424</u>	<u>411,829</u>	<u>(184,815)</u>	<u>227,014</u>
Net Position - beginning of year	4,912,501	9,425,306	14,337,807	4,500,672	9,610,121	14,110,793
Net Position - end of year	<u>5,151,452</u>	<u>9,725,779</u>	<u>14,877,231</u>	<u>4,912,501</u>	<u>9,425,306</u>	<u>14,337,807</u>

The District's two primary sources of revenues are from taxes and from charges for services. These revenues are used to pay the cost of the general government and the cost of the water and sewer utility activities. The District's property tax revenues declined slightly from 2022 to 2023 as a result of reductions in the District's assessed value resulting from changes in the calculation of real property assessed values pursuant to Colorado law whereas the District's interest income has increased substantially. The District's charges for services also increased significantly, primarily as the result of an increase in water user fees needed to pay for improvements to and increased operating costs of the District's water system but overall the District was able to increase its net position for the year.

### THE DISTRICT'S FUNDS

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting.

At the governmental fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the governmental fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2023

The General Fund ending fund balance increased from \$2,089,623 to \$2,556,488 during the fiscal year ended December 31, 2023. This represents a surplus of current period revenues (financial sources) over current period expenditures (financial uses). Implementation of the sales tax in the District has contributed substantially to the District's ability to operate at a surplus in light of increasing costs. The General Fund generated \$2,115,783 in revenues and incurred \$1,433,918 in expenditures during 2023 resulting in an operating surplus of \$681,865. \$215,000 Of this surplus was transferred to the proprietary fund to help pay for the costs of operating and replacing the water and sewer systems in the District. The ending fund balance in the governmental fund of \$2,556,488 is the amount of net resources available for future spending.

The fund level financial statements for the proprietary fund provide the same type of information found in the government-wide financial statements but in more detail. The total net position in the proprietary fund increased \$300,473 during 2023, primarily as a result of the transfer of \$215,000 from the governmental fund to the proprietary fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1* of the notes to required supplementary information. The major differences in actual expenses compared to budget come from cost savings related to public works and capital project expenditures.

**CAPITAL ASSETS**

During 2023, the District recorded no capital asset additions in its governmental activities and recorded depreciation expense of \$227,914 resulting in a net decrease in capital assets for governmental activities, bringing the year end net capital asset balance in the governmental activities to \$2,594,964. The business-type activities had net capital additions of \$280,645. The business-type activities showed capital asset additions of \$280,645 and depreciation expense of \$386,475 for a net decrease of \$105,830 bringing the year end net capital asset balance to \$8,136,217. *See Note 4 Capital Assets* for additional details.

**LONG-TERM DEBT**

On March 1, 2019, the District entered into a \$3,000,000 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the construction of a water tank, pump station, distribution lines and telemetry equipment. Principal and interest payments of \$91,367 are due semi-annually, commencing on November 1, 2020 through May 1, 2040. Interest accrues at 2% per annum. Principal payments were made in 2023 in the amount of \$129,639 bringing the outstanding balance of the loan to \$2,557,329 at December 31, 2023. *See Note 5 Long-Term Debt* for additional details.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Buffalo Mountain Metropolitan District Manager  
P.O. Box 2430, Silverthorne, CO 80498  
Tel: (970) 513-1300, Fax: (970) 513-1301

## **BASIC FINANCIAL STATEMENTS**

# BUFFALO MOUNTAIN METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION

December 31, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<b>ASSETS</b>			
Cash and Investments	\$ 2,411,637	\$ 1,113,825	\$ 3,525,462
Accounts Receivable	27,958	556,252	584,210
Accounts Receivable - County Treasurer	4,652	-	4,652
Accounts Receivable - Sales Taxes	112,241	-	112,241
Apartment Lease Receivable - Current	19,500	-	19,500
Taxes Receivable	1,377,879	-	1,377,879
Prepaid Expenses	-	53,045	53,045
Inventory	-	3,732	3,732
Deposit - Wetlands Compliance	-	33,925	33,925
Investment in Silverthorne/Dillon Joint Sewer Authority	-	2,731,861	2,731,861
Right-of-Use - Tower Lease, Net of Accumulated Amortization	-	34,446	34,446
Capital Assets, Not Being Depreciated	-	501,315	501,315
Capital Assets, Net of Accumulated Depreciation	2,594,964	7,634,902	10,229,866
TOTAL ASSETS	6,548,831	12,663,303	19,212,134
<b>LIABILITIES</b>			
Accounts Payable	-	322,639	322,639
Accrued Interest Payable	-	8,524	8,524
<b>Noncurrent Liabilities</b>			
Tower Lease Due Within One Year	-	1,682	1,682
Tower Lease Due in more than One Year	-	34,989	34,989
Due Within One Year	-	144,606	144,606
Due In More Than One Year	-	2,425,084	2,425,084
TOTAL LIABILITIES	-	2,937,524	2,937,524
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	1,377,879	-	1,377,879
Apartment Lease Revenue	19,500	-	19,500
TOTAL DEFERRED INFLOWS OF RESOURCES	1,397,379	-	1,397,379
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,594,964	5,578,888	8,173,852
Restricted for Emergencies	63,000	-	63,000
Restricted for Debt Service	-	436,124	436,124
Unrestricted	2,493,488	3,710,767	6,204,255
TOTAL NET POSITION	\$ 5,151,452	\$ 9,725,779	\$ 14,877,231

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

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**BUFFALO MOUNTAIN METROPOLITAN DISTRICT**

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 411,742	\$ -	\$ -	\$ -
Public Works	1,239,578	1,000	113,510	-
Parks and Recreation	10,512	-	13,941	-
Total Governmental Activities	1,661,832	1,000	127,451	-
<b>Business-Type Activities</b>				
Water and Sewer Utility	2,130,973	2,113,923	-	12,600
Interest on Long-term Debt	52,662	-	-	-
Total Business-Type Activities	2,183,635	2,113,923	-	12,600
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,845,467</b>	<b>\$ 2,114,923</b>	<b>\$ 127,451</b>	<b>\$ 12,600</b>

GENERAL REVENUES  
Property Taxes  
Sales Taxes  
Specific Ownership Taxes  
Investment Income  
Apartment Rent  
Miscellaneous  
TRANSFERS

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (411,742)	\$ -	\$ (411,742)
(1,125,068)	-	(1,125,068)
3,429	-	3,429
<u>(1,533,381)</u>	<u>-</u>	<u>(1,533,381)</u>
-	(4,450)	(4,450)
-	(52,662)	(52,662)
<u>-</u>	<u>(57,112)</u>	<u>(57,112)</u>
<u>(1,533,381)</u>	<u>(57,112)</u>	<u>(1,590,493)</u>
1,193,330	-	1,193,330
584,956	-	584,956
59,742	-	59,742
111,688	44,269	155,957
34,386	-	34,386
3,230	98,316	101,546
(215,000)	215,000	-
<u>1,772,332</u>	<u>357,585</u>	<u>2,129,917</u>
238,951	300,473	539,424
<u>4,912,501</u>	<u>9,425,306</u>	<u>14,337,807</u>
<u>\$ 5,151,452</u>	<u>\$ 9,725,779</u>	<u>\$ 14,877,231</u>

# BUFFALO MOUNTAIN METROPOLITAN DISTRICT

## BALANCE SHEET GOVERNMENTAL FUND December 31, 2023

	GENERAL FUND
<b>ASSETS</b>	
Cash and Investments	\$ 2,411,637
Accounts Receivable	27,958
Accounts Receivable - County Treasurer	4,652
Taxes Receivable	
Property	1,377,879
Sales	112,241
Apartment Lease Receivable	19,500
 TOTAL ASSETS	 \$ 3,953,867
 <b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	\$ 1,377,879
Apartment Lease Revenue	19,500
 TOTAL DEFERRED INFLOWS OF RESOURCES	 1,397,379
 <b>FUND BALANCE</b>	
Restricted for Emergencies	63,000
Unassigned	2,493,488
 TOTAL FUND BALANCE	 2,556,488
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 \$ 3,953,867

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	\$ 2,556,488
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,594,964
Total Net Position of Governmental Activities	\$ 5,151,452

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
 Year Ended December 31, 2023

	GENERAL FUND
REVENUES	
Taxes	
Property Taxes	\$ 1,193,330
Sales Taxes	584,956
Specific Ownership Taxes	59,742
Intergovernmental	
Conservation Trust	13,941
County Road and Bridge	113,510
Charges for Services	1,000
Apartment Rent	34,386
Investment Income	111,688
	2,115,783
EXPENDITURES	
Current	
General Government	343,912
Public Works	1,067,148
Parks and Recreation	10,512
Capital Outlay	12,346
	1,433,918
EXCESS OF REVENUES OVER EXPENDITURES	681,865
OTHER FINANCING USES	
Transfers Out	(215,000)
	466,865
NET CHANGE IN FUND BALANCE	466,865
FUND BALANCE, Beginning	2,089,623
	\$ 2,556,488
	2,556,488

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Fund	\$ 466,865
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of current year depreciation expense.	(227,914)
Change in Net Position of Governmental Activities	\$ 238,951

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
December 31, 2023

	<u>WATER AND SEWER UTILITY FUND</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 1,113,825
Accounts Receivable	556,252
Prepaid Expenses	53,045
Inventory	3,732
Deposit - Wetlands Compliance	33,925
Total Current Assets	<u>1,760,779</u>
Noncurrent Assets	
Investment in Silverthorne/Dillon Joint Sewer Authority	2,731,861
Right-of-Use Tower Lease, Net of Accumulated Amortization	34,446
Capital Assets, Not Being Depreciated	501,315
Capital Assets, Net of Accumulated Depreciation	7,634,902
Total Noncurrent Assets	<u>10,902,524</u>
TOTAL ASSETS	<u>12,663,303</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts and Retainage Payable	322,639
Accrued Interest Payable	8,524
Tower Lease Payable	1,682
Loan Payable	132,245
Compensated Absences Payable	12,361
Total Current Liabilities	<u>477,451</u>
Noncurrent Liabilities	
Tower Lease Payable	34,989
Loan Payable	2,425,084
Total Current Liabilities	<u>2,460,073</u>
TOTAL LIABILITIES	<u>2,937,524</u>
<b>NET POSITION</b>	
Invested in Capital Assets	5,578,888
Restricted for Debt Service	436,124
Unrestricted	3,710,767
TOTAL NET POSITION	<u>\$ 9,725,779</u>

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended December 31, 2023

	<u>WATER AND SEWER UTILITY FUND</u>
OPERATING REVENUES	
Charges for Services	\$ 2,113,923
 TOTAL OPERATING REVENUES	 <u>2,113,923</u>
OPERATING EXPENSES	
Water Operations	722,833
Sewer Operations	735,588
Administration and General	284,188
Amortization	1,888
Depreciation	386,476
 TOTAL OPERATING EXPENSES	 <u>2,130,973</u>
 OPERATING INCOME	 <u>(17,050)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	44,269
Net Income from Joint Sewer Authority	98,316
Grant Income	-
Loan Interest	(52,662)
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>89,923</u>
 INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	 72,873
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Tap Fees	12,600
Transfers	215,000
 TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	 227,600
 CHANGE IN NET POSITION	 300,473
NET POSITION, Beginning	<u>9,425,306</u>
NET POSITION, Ending	<u>\$ 9,725,779</u>

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

# BUFFALO MOUNTAIN METROPOLITAN DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

Increase (Decrease) in Cash and Cash Equivalents  
Year Ended December 31, 2023

	<u>WATER AND SEWER UTILITY FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 1,972,654
Cash Payments to Employees	(322,548)
Cash Payments to Suppliers	<u>(1,344,377)</u>
Net Cash Provided by Operating Activities	<u>305,729</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Payments by General Fund	<u>(762,608)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash received from Other Funds	215,000
Acquisition of Property, Plant and Equipment	(280,645)
Tap Fees Received	12,600
Tower Lease Payments	(1,650)
CWRPDA Loan Principal	(129,639)
CWRPDA Loan Interest	<u>(53,095)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(237,429)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (Purchase) of Investments	1,760,000
Interest Received	<u>48,133</u>
Net Cash Provided (Used) by Investing Activities	<u>1,808,133</u>
Increase (Decrease) in Cash and Cash Equivalents	1,113,825
CASH AND CASH EQUIVALENTS, Beginning	<u>-</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,113,825</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ (17,050)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Amortization	1,888
Depreciation	386,476
Net Income from Sewer Operations in Joint Sewer Authority	(27,189)
Changes in Assets and Liabilities	
Accounts Receivable	(141,269)
Prepaid Expenses	(47,040)
Accounts Payable	145,021
Compensated Absences Payable	<u>4,892</u>
Net Cash Provided by Operating Activities	<u>\$ 305,729</u>

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Buffalo Mountain Metropolitan District (the "District"), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Summit County, Colorado. The District was established to provide water and sewer services to the District residents, to maintain roads and road improvements, and to provide and maintain parks and recreational facilities within the District.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of this criteria, the District does not include additional organizations in its reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of the 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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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 fund and the proprietary fund. Major individual 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and available for use.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

In the fund financial statements, the District reports the following major governmental fund:

*General Fund* – accounts for the general operations of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The District also reports the following major proprietary fund:

*Water and Sewer Utility Fund* - accounts for all activities necessary for the provision of water and sewer services to the District residents.

**Assets, Liabilities and Net Position/Fund Balance**

*Cash and Investments* – For purposes of reporting in the statement of cash flows, cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Expenses* - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

*Deposits – Wetland Compliance* – A deposit was paid to Summit County for wetlands restoration in relation to the District's 2020 sewer project.

*Capital Assets* - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund in the fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure assets owned by the District, which include water, sewer and drainage systems and trails, have been capitalized. The costs of

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities and Net Position/Fund Balance** (Continued)

normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	20 - 30 years
Infrastructure	15 years
Pedestrian/Bike Path	30 years
Water and Sewer Systems	20 - 40 years
Equipment	5 years

*Compensated Absences* - Employees of the District are allowed to accumulate unused vacation time. Employees will be paid for all accrued vacation time upon separation of employment. These compensated absences are recognized as current salary costs when earned in the proprietary fund. A liability is reported in the business-type activities and proprietary fund financial statements for the accrued compensated absences.

*Long-Term Debt* - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. In the governmental fund financial statements the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year of the debt issuance. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

*Net Position* - The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This classification reflects the portion of net position that is associated with non-liquid, capital assets less outstanding capital asset related debt.
- Restricted Net Position - This classification includes amounts for which constraints have been placed on net position either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities and Net Position/Fund Balance** (Continued)

- Unrestricted Net Position – This classification includes the remaining net position that is not restricted or part of the net investment in capital assets.

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District'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 – This classification includes amounts that are constrained by the District'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 changed than those imposed on committed amounts.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the District uses restricted fund balance first.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position/Fund Balance (Continued)**

**Property Taxes**

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. Since property taxes are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

**Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

The District has evaluated events subsequent to the year ended December 31, 2023 through June 13, 2024, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments at December 31, 2023, follows:

Petty Cash	\$	200
Deposits		1,549,175
Investments		<u>1,976,087</u>
Total	\$	<u>3,525,462</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments – Governmental Activities	\$	2,411,637
Cash and Investments – Business-type Activities		<u>1,113,825</u>
Total	\$	<u>3,525,462</u>

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the District had bank deposits totaling \$1,549,175, all of which were FDIC.

**Investments**

During 2022, the District adopted a formal investment policy. The primary objectives of the investment policy are:

- Safety of Principal – The primary objective is to protect against loss of any principal
- Liquidity – Investments will be managed to ensure that funds are available to meet obligations as necessary.
- Yield – Investments will be managed to optimize returns within the appropriate safety and liquidity constraints.

The “prudent investor” standard shall be used which states: “Investments shall be made with judgement and care, under circumstances then prevailing, which person of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for preservation, considering the probable safety of their capital as well as the probable income to be derived.”

The District follows State statutes regarding investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. The District’s list of eligible investments include:

- U.S. Government Obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations
- Bank/U.S. Government Repurchase Agreements
- Money market mutual funds registered with the U.S. Securities Exchange Commission (SEC) as a money market mutual fund in compliance with SEC Rule 2a-7, and which maintains a stable Net Asset Value (NAV)
- Interest-bearing bank accounts or certificates of deposit or checking accounts, either fully insured by the FDIC or PDPA eligible public depositories
- Colorado local government investment pools
- Any other investments authorized by Colorado statute provided such investment(s) is/are approved by the District’s Board of Directors

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

The maturity of the securities shall be structured to avoid undue concentration in any sector of the yield curve. No investment shall exceed five (5) years. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows and as approved by the Board.

At December 31, 2023, the District had the following investments:

	<u>Maturity</u>	<u>2023</u>
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ 1,974,415
COLOTRUST EDGE	Weighted Average 6-12 months	<u>1,672</u>
Total		<b><u>\$ 1,976,087</u></b>

The District invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00, except for COLOTRUST EDGE, which strives to obtain a net asset value of \$10/share. The portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ and COLOTRUST EDGE may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the 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. COLOTRUST PLUS+ is rated AAA by Standard and Poor's. COLOTRUST EDGE is rated AA+ by FitchRatings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 3: INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY**

The District is a participant in the Silverthorne/Dillon Joint Sewer Authority (the "Authority"). The Authority was organized to construct and operate a sewage treatment plant in Summit County. The other participants are the towns of Silverthorne and Dillon, Dillon Valley Metropolitan District, Mesa Cortina Metropolitan District (all of which are political subdivisions of the State of Colorado) and Yale Investments, Inc. (a Colorado corporation). Oversight responsibilities and control of the Authority is vested in an eight-member committee with two members appointed by each town and one member appointed by each of the other participants. The costs of construction are paid by the participants based on their proportional share of the available capacity in each phase of the project.

The District currently owns 2,188 equivalent residential units or 20.0% of the reserved capacity in the plant. The District's equity ownership in the Authority, based on the Authority's most recent completed audit, December 31, 2023, was 15.88% or \$2,731,861, which is reported in the financial statements as Investment in Silverthorne/Dillon Joint Sewer Authority.

The Authority bills the participants for their proportionate share of operations on a quarterly basis based upon the number of taps connected to the system at a rate to cover operating costs. The District shares in the operating results of the joint venture.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023, is summarized below:

	Balances 12/31/2022	Additions	Deletions	Balances 12/31/2023
<b>Governmental Activities:</b>				
Capital Assets, being depreciated				
Buildings and improvements	\$ 1,053,848	\$ -	\$ -	\$ 1,053,848
Infrastructure - Storm Drainage	283,403	-	-	283,403
Pedestrian/Bike path	5,172,834	-	-	5,172,834
Total Capital Assets, being depreciated	<u>6,510,085</u>	<u>-</u>	<u>-</u>	<u>6,510,085</u>
Less accumulated depreciation				
Buildings and improvements	(404,942)	(36,592)	-	(441,534)
Infrastructure - Storm Drainage	(200,045)	(18,894)	-	(218,939)
Pedestrian/Bike path	(3,082,220)	(172,428)	-	(3,254,648)
Total accumulated depreciation	<u>(3,687,207)</u>	<u>(227,914)</u>	<u>-</u>	<u>(3,915,121)</u>
Governmental Activities Capital Assets, net	<u>\$ 2,822,878</u>	<u>\$ (227,914)</u>	<u>\$ -</u>	<u>\$ 2,594,964</u>

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 4: CAPITAL ASSETS (Continued)**

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

Governmental Activities	
Public Works	\$ 55,486
Parks and Recreation	<u>172,428</u>
<b>Total</b>	<b><u>\$ 227,914</u></b>

	<u>Balances</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2023</u>
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 309,742	\$ -	\$ -	\$ 309,742
Water rights	<u>191,573</u>	<u>-</u>	<u>-</u>	<u>191,573</u>
Total Capital Assets, not being depreciated	<u>501,315</u>	<u>-</u>	<u>-</u>	<u>501,315</u>
Capital Assets, being depreciated				
Buildings and improvements	1,226,937	-	-	1,226,937
Water and Sewer Systems	11,379,464	280,645	-	11,660,109
Equipment	<u>341,531</u>	<u>-</u>	<u>-</u>	<u>341,531</u>
Total Capital Assets, being depreciated	<u>12,947,932</u>	<u>280,645</u>	<u>-</u>	<u>13,228,577</u>
Less accumulated depreciation				
Buildings and improvements	(762,558)	(48,375)	-	(810,933)
Water and Sewer Systems	(4,276,955)	(303,652)	-	(4,580,607)
Equipment	<u>(167,687)</u>	<u>(34,448)</u>	<u>-</u>	<u>(202,135)</u>
Total accumulated depreciation	<u>(5,207,200)</u>	<u>(386,475)</u>	<u>-</u>	<u>(5,593,675)</u>
Total Capital Assets, being depreciated, net	<u>7,740,732</u>	<u>(105,830)</u>	<u>-</u>	<u>7,634,902</u>
Business-type Activities Capital Assets, net	<b><u>\$ 8,242,047</u></b>	<b><u>\$ (105,830)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,136,217</u></b>

**NOTE 5: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the year ended December 31, 2023:

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due Within</u> <u>One Year</u>
<b>Business-type Activities</b>					
2019 Water Loan	\$ 2,686,968	\$ -	\$ 129,639	\$ 2,557,329	\$ 132,245
Compensated absences	<u>7,469</u>	<u>4,892</u>	<u>-</u>	<u>12,361</u>	<u>12,361</u>
	<b><u>\$ 2,694,437</u></b>	<b><u>\$ 4,892</u></b>	<b><u>\$ 129,639</u></b>	<b><u>\$ 2,569,690</u></b>	<b><u>\$ 144,606</u></b>

Compensated absences are expected to be liquidated with revenues of the Water and Sewer Utility Fund.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 5: LONG-TERM DEBT (Continued)**

**Water Loan**

On March 1, 2019, the District entered into a \$3,000,000 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the construction of a water tank, pump station, distribution lines and telemetry equipment. Principal and interest payments of \$91,367 are due semi-annually, commencing on November 1, 2020 through May 1, 2040. Interest accrues at 2% per annum.

The water loan is payable solely from revenues of the District's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2023, net revenues of \$306,453 were available to pay annual debt service of \$182,734. Remaining debt service at December 31, 2023 was \$3,015,106.

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 132,245	\$ 50,489	\$ 182,734
2025	134,903	47,831	182,734
2026	137,615	45,119	182,734
2027	140,381	42,353	182,734
2028	143,202	39,532	182,734
2029 – 2033	760,362	153,306	913,668
2034 – 2038	839,912	73,756	913,668
2039 – 2040	268,709	5,391	274,100
<b>Total</b>	<b>\$ 2,577,329</b>	<b>\$ 457,777</b>	<b>\$ 3,015,106</b>

A provision of the loan requires the net revenues (total revenues less operating and maintenance expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2023, the District complied with this covenant.

Additionally, the loan requires the District to maintain an operations and maintenance reserve fund in an amount equal to three months of operations and maintenance expenses, excluding debt service and depreciation expense, as set forth in the annual budget for the current fiscal year. Accordingly, the District has restricted \$436,124 of the Water and Sewer Utility Fund's net position, calculated as follows:

	<u>2023 Budget</u>	<u>2023 Actual</u>
Total Water & Sewer Utility Expenditures	\$ 1,555,722	\$ 2,130,973
Less Debt Service	<u>(182,734)</u>	<u>(386,476)</u>
Operations and Maintenance Expenditures	\$ <u>1,372,988</u>	\$ <u>1,744,497</u>
3 Months of Operations and Maintenance	\$ <u>343,247</u>	\$ <u>436,124</u>

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 6: APARTMENT LEASE**

On June 1, 2022, the District entered into an agreement for leasing the apartment located at 104 Adams Avenue to a private company (the "Company"). The lease term coincides with the Operations Agreement between the District and the Company, which ends on 12/31/2023, with the option of renewal for two additional one year periods ending 12/31/2025. Monthly rent of \$3,250 is deducted from the District's monthly payment of the Company's Operations Agreement invoice. At the lease inception on June 1, 2022, the District recorded in its accounting records, an apartment lease receivable and deferred inflows of resources – apartment lease revenue of \$127,703, each. During the year ended December 31, 2023, the agreement was renegotiated to end at June 30, 2024, with the monthly rent amount remaining the same. For the year ended December 31, 2023, the District reported lease revenue of \$34,386 and lease interest income of \$4,614. At December 31, 2023, the District's Statement of Net Position - Governmental Activities reported an apartment lease receivable – current portion of \$19,500 and deferred inflows of resources – apartment lease revenue of \$19,500.

**NOTE 7: RIGHT-OF-USE – TOWER LEASE**

On April 1, 2017, the District entered into an antenna site license agreement (radio lease) for the District's water distribution system's telemetry to transmit to the District office. Payments of \$200 are due monthly, for 25 years, through March of 2042. The value of the right-of-use – tower lease, based on the present value of future lease payments, was \$47,186, with accumulated amortization of \$12,740 at December 31, 2023. The total lease liability, based on the future value of lease payments, was \$47,186, with a balance of \$36,671 at December 31, 2023. The interest rate was based on the PIMCO municipal rates at 2% per annum. The District recognized amortization expense of \$1,888 and interest expense of \$751, for the year ended December 31, 2023. Following is the require future lease payments as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,682	\$ 718	\$ 2,400
2025	1,716	684	2,400
2026	1,750	650	2,400
2027	1,786	614	2,400
2028	1,823	577	2,400
2029 – 2033	9,676	2,324	12,000
2034 – 2038	10,693	1,307	12,000
2039 – 2042	<u>7,545</u>	<u>255</u>	<u>7,800</u>
Total	<b><u>\$ 36,671</u></b>	<b><u>\$ 7,129</u></b>	<b><u>\$ 43,800</u></b>

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 8: MESA CORTINA SUBDIVISION AGREEMENT**

The District has an agreement with Mesa Cortina Water and Sanitation District (MCWSD) to provide water and sewer services to the Mesa Cortina Subdivision (Mesa Cortina). The District receives monthly fees to provide water and sewer transmission service. MCWSD is responsible for the operations and maintenance of Mesa Cortina. The District has agreed to provide water and sewer services to Mesa Cortina in perpetuity. During 2023, the District received \$98,652 in water and sewer fees from Mesa Cortina.

**NOTE 9: RETIREMENT COMMITMENTS**

**Deferred Compensation Plan**

The District has established a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by ICMARC. Eligible employees may participate in the Plan at their option. The District matched 100% of the eligible employees' contributions, up to 2% and 10% of their covered salary. During the year ended December 31, 2023, the District contributed \$10,643 to the Plan.

**NOTE 10: RISK MANAGEMENT**

**Public Entity Risk Pool**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The District plans to provide for or restore the economic damages of those losses through risk transfer. The District participates in the Colorado Special Districts Property and Liability Pool (the "Pool").

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**NOTE 10: RISK MANAGEMENT** (Continued)

All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendment's language in order to determine compliance. The District's management believes a significant portion of its operations qualifies for the "enterprise" exclusion allowed by the Amendment.

The District has established an emergency reserve, representing 3% of qualifying fiscal year spending, as required by the Amendment. At December 31, 2023, the emergency reserve of \$63,000 was reported as a restriction of fund balance in the General Fund.

## REQUIRED SUPPLEMENTARY INFORMATION

# BUFFALO MOUNTAIN METROPOLITAN DISTRICT

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	2023		VARIANCE Positive (Negative)	2022
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
<b>REVENUES</b>				
Taxes				
Property Taxes	\$ 1,189,734	\$ 1,193,330	\$ 3,596	\$ 1,235,174
Sales Taxes	575,000	584,956	9,956	596,832
Specific Ownership Taxes	58,500	59,742	1,242	58,989
Intergovernmental				
Conservation Trust	11,800	13,941	2,141	11,978
County Road and Bridge	115,187	113,510	(1,677)	111,832
Charges for Services	-	1,000	1,000	500
Apartment Rent	39,000	34,386	(4,614)	22,750
Investment Income	60,080	111,688	51,608	31,821
Miscellaneous Income	500	3,230	2,730	3,006
<b>TOTAL REVENUES</b>	<b>2,049,801</b>	<b>2,115,783</b>	<b>65,982</b>	<b>2,072,882</b>
<b>EXPENDITURES</b>				
Current				
General Government	345,246	343,912	1,334	281,370
Public Works	1,289,263	1,067,148	222,115	1,141,027
Parks and Recreation	26,660	10,512	16,148	1,278
Capital Outlay	235,000	12,346	222,654	9,466
<b>TOTAL EXPENDITURES</b>	<b>1,896,169</b>	<b>1,433,918</b>	<b>462,251</b>	<b>1,433,141</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>153,632</b>	<b>681,865</b>	<b>(396,269)</b>	<b>639,741</b>
<b>OTHER FINANCING USES</b>				
Transfers Out	(214,532)	(215,000)	(468)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(60,900)</b>	<b>466,865</b>	<b>(396,737)</b>	<b>639,741</b>
FUND BALANCE, Beginning	1,991,587	2,089,623	98,036	1,449,882
FUND BALANCE, Ending	<u>\$ 1,930,687</u>	<u>\$ 2,556,488</u>	<u>\$ (298,701)</u>	<u>\$ 2,089,623</u>

See the accompanying Independent Auditors' Report.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2023

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Enterprise Fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

## **SUPPLEMENTARY INFORMATION**

**BUFFALO MOUNTAIN METROPOLITAN DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
WATER AND SEWER UTILITY FUND

Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	2023		VARIANCE	2022
	ORIGINAL AND FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
<b>REVENUES</b>				
Sewer Service Fees	\$ 1,089,449	\$ 1,093,317	\$ 3,868	\$ 1,058,411
Water Service Fees	1,015,526	1,020,286	4,760	650,186
Sewer Tap Fees	-	3,600	3,600	3,440
Water Tap Fees	-	9,000	9,000	3,400
Investment Income	40,342	44,269	3,927	27,471
Grant Revenue	-	-	-	27,324
Miscellaneous	-	320	320	-
Transfers In	214,532	215,000	468	-
	<b>2,359,849</b>	<b>2,385,792</b>	<b>25,943</b>	<b>1,770,232</b>
<b>EXPENDITURES</b>				
Water Operations	594,814	722,833	(128,019)	626,731
Sewer Operations	778,174	762,777	15,397	730,659
Administration and General	285,759	284,188	1,571	229,997
Debt Service				
Principal	129,639	129,639	-	127,084
Interest	53,094	52,662	432	54,810
Capital Outlay	449,120	280,645	168,475	639,061
	<b>2,290,600</b>	<b>2,232,744</b>	<b>57,856</b>	<b>2,408,342</b>
<b>CHANGE IN NET POSITION, Budgetary Basis</b>	<b>\$ 69,249</b>	<b>153,048</b>	<b>\$ 83,799</b>	<b>(638,110)</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Net Income from Joint Sewer Authority		98,316		46,217
Net Income from Sewer Operation in Joint Sewer Authority		27,189		12,950
CWRPDA Loan Principal		129,639		127,084
Capital Outlay		280,645		639,061
Amortization		(1,888)		(1,887)
Depreciation		(386,476)		(370,130)
		<b>300,473</b>		<b>(184,815)</b>
<b>CHANGE IN NET POSITION, GAAP Basis</b>		<b>300,473</b>		<b>(184,815)</b>
<b>NET POSITION, Beginning</b>		<b>9,425,306</b>		<b>9,610,121</b>
<b>NET POSITION, Ending</b>		<b>\$ 9,725,779</b>		<b>\$ 9,425,306</b>

See the accompanying Independent Auditor's Report.