

BUFFALO HIGHLANDS METROPOLITAN DISTRICT

**COMMERCE CITY
ADAMS COUNTY, COLORADO**



FINANCIAL STATEMENTS

**As of and for the 12-month period ended
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Buffalo Highlands Metropolitan District
Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Buffalo Highlands 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 District, and to meet our other 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 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 in 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 on 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 judgment, 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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal line.

Castle Pines, Colorado
September 11, 2024

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	37,738
Cash and investments – restricted	2,825,951
Accounts receivable	37,471
Accounts receivable – specific ownership taxes	5,992
Property taxes receivable	1,468,300
Prepaid expenses	5,005
Non-depreciable capital assets	25,600
Depreciable capital assets, net	366,050
Total Assets	4,772,107
LIABILITIES	
Accounts payable and accrued liabilities	12,850
Accrued interest payable	1,361,899
Bond premium	41,237
Current portion of municipal bonds	165,000
Municipal bonds	20,427,000
Total Liabilities	22,007,986
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	1,468,300
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	4,800
Debt service	2,654,016
Capital projects	172,169
Non-spendable	5,005
Unassigned:	(21,540,169)
Net Position (Deficit)	\$ (18,704,179)

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

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Government Activities:					
General government activities	\$ (135,231)	\$ 2,411	\$ -	\$ -	(132,820)
Interest and related costs on long-term debt	(1,283,979)	-	-	-	(1,283,979)
Capital project activities	(36,800)	-	-	-	(36,800)
	<u>\$ (1,456,010)</u>	<u>\$ 2,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,453,599)</u>
General Revenues					
Property taxes					1,066,254
Specific ownership taxes					62,246
Net investment income					147,320
Total general revenue					1,275,820
Change in net position					(177,779)
Net Position (Deficit) – Beginning of Year					(18,526,400)
Net Position (Deficit) – End of Year					\$ (18,704,179)

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

**BUFFALO HIGHLANDS METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2023**

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	\$ 37,738	\$ -	\$ -	\$ 37,738
Cash and investments - Restricted	4,800	2,648,982	172,169	2,825,951
Accounts receivable	37,471	-	-	37,471
Accounts receivable - specific ownership tax	958	5,034	-	5,992
Property taxes receivable	169,500	1,298,800	-	1,468,300
Prepaid expenses	5,005	-	-	5,005
TOTAL ASSETS	\$ 255,472	\$ 3,952,816	\$ 172,169	\$ 4,380,457
LIABILITIES				
Accounts payable and accrued liabilities	\$ 12,850	\$ -	\$ -	\$ 12,850
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	169,500	1,298,800	-	1,468,300
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	4,800	-	-	4,800
Debt service	-	2,654,016	-	2,654,016
Capital projects	-	-	172,169	172,169
Non-spendable	5,005	-	-	5,005
Unrestricted	63,317	-	-	63,317
TOTAL FUND BALANCES	73,122	2,654,016	172,169	2,899,307
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 255,472	\$ 3,952,816	\$ 172,169	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land and water rights	25,600
Property, structures and equipment, net	366,050
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	(20,592,000)
Bond premium	(41,237)
Accrued interest payable	(1,361,899)
Net position of governmental activities	\$ (18,704,179)

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

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2023

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	\$ 171,726	\$ 894,528	\$ -	\$ 1,066,254
Specific ownership taxes	7,769	54,477	-	62,246
Covenant violation fine income	792	-	-	792
Reimb expenses - collection costs	1,619	-	-	1,619
Net investment income	3,584	143,736	-	147,320
Other income	-	-	-	-
Total Revenues	185,490	1,092,741	-	1,278,231
EXPENDITURES				
General and administration	49,488	-	-	49,488
Landscaping maintenance	51,507	-	-	51,507
Other district expenses	34,236	-	-	34,236
Debt service				
Direct and indirect collection costs	-	43,355	-	43,355
Interest - Series 2018A Bonds	-	967,331	-	967,331
Principal - Series 2018A Bonds	-	5,000	-	5,000
Major capital projects	-	-	-	-
Total Expenditures	135,231	1,015,686	-	1,150,917
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,259	77,055	-	127,314
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(25,000)	-	25,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	25,259	77,055	25,000	127,314
FIND BALANCES – BEGINNING	47,863	2,576,961	147,169	2,771,993
FUND BALANCES – END OF YEAR	\$ 73,122	\$ 2,654,016	\$ 172,169	\$ 2,899,307

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

**BUFFALO HIGHLANDS 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, 2023**

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

Net change in fund balances – Total government funds	\$	127,314
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bonds - principal payment		5,000
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Depreciation expense on property, structures and equipment		(36,800)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on debt		(275,663)
Decrease in bond premium		2,370

Changes in net position of governmental activities	\$	(177,779)
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**BUFFALO HIGHLANDS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 169,500	\$ 171,726	\$ 2,226
Specific ownership taxes	8,500	7,769	(731)
Covenant violation fine income	3,000	792	(2,208)
Reimb expenses - collection costs	-	1,619	1,619
Net investment income	200	3,584	3,384
Total Revenues	181,200	185,490	4,290
EXPENDITURES			
General and administration	49,400	49,488	(88)
Landscaping maintenance	70,200	51,507	18,693
Other district expenses	36,600	34,236	2,364
Total Expenditures	156,200	135,231	20,969
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,000	50,259	25,259
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,000)	(25,000)	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	25,259	25,259
FUND BALANCE – BEGINNING OF YEAR	43,200	47,863	4,663
FUND BALANCE – END OF YEAR	\$ 43,200	\$ 73,122	\$ 29,922

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

**BUFFALO HIGHLANDS METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 43,400	\$ 43,400	\$ -
Administrative costs	3,500	5,141	(1,641)
Audit fees	7,200	7,150	50
Collection fees – County Treasurer	2,100	2,547	(447)
Board of Directors’ fees	3,000	3,000	-
Board training and conferences	3,000	2,673	327
Insurance	3,200	2,895	305
Legal fees	5,000	11,500	(6,500)
Indirect cost allocation	(33,000)	(33,000)	-
Board election expenses	9,000	3,882	5,118
Miscellaneous admin expenses	3,000	300	2,700
Total General and Administration	<u>\$ 49,400</u>	<u>\$ 49,488</u>	<u>\$ (88)</u>
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 22,300	\$ 20,624	\$ 1,676
Tree maintenance & replacement	4,000	7,649	(3,649)
Backflow maintenance	-	-	-
Sprinkler repairs	8,500	5,072	3,428
Sprinklers – water	13,300	7,684	5,616
Sprinklers – electricity	500	292	208
Landscaping projects	11,500	692	10,808
Perimeter fence maintenance	2,000	6,940	(4,940)
Mounument sign maintenance	3,500	-	3,500
Insurance - property	2,100	2,134	(34)
Miscellaneous landscape costs	2,500	420	2,080
Total Landscaping Maintenance	<u>\$ 70,200</u>	<u>\$ 51,507</u>	<u>\$ 18,693</u>
OTHER DISTRICT EXPENSES			
Snow removal	\$ 10,000	\$ 3,800	\$ 6,200
Vandalism	1,000	-	1,000
Park and recreation events	8,000	11,894	(3,894)
Newsletter publication costs	-	361	(361)
Covenant enforcement services	17,600	18,181	(581)
Covenant enforcement - legal fees	-	-	-
Total Other District Expenses	<u>\$ 36,600</u>	<u>\$ 34,236</u>	<u>\$ 2,364</u>

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

BUFFALOHIGHLANDS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

Buffalo Highlands Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 15, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Commerce City (City) on September 16, 2002 and amended with City approval on May 04, 2015. The District’s service boundaries encompass 165-single-family homes within the Buffalo Highlands Filing No. 1 subdivision 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, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also established to (1) maintain various open spaces within the District (not otherwise owned and maintained by the City), (2) maintain perimeter fencing, and (3) provide covenant enforcement and architectural review services.

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.

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

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

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.

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

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

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

publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. On November 2, 2022, the Board adopted the District's 2023 budget.

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.

Investments are carried at net asset value.

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 taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2023, the District's share of Specific ownership taxes is equal to approximately 5.8% 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.

Facility Fees

On June 26, 2018, the District adopted a resolution, pursuant to 32-1-1001(1)(j)(I) CRS, imposing Facilities Fees upon all real property within the District (Facility Fee Resolution). Specifically, a one-time Facility Fee is payable to the District by the owner of each platted lot that is developed within the District. The Facility Fee imposed on each lot is secured by a perpetual lien. Per the Facility Fee Resolution, the Facility Fee is \$1,100 per single-family home lot and \$900 per multi-family home lot. Facility Fees are payable to the District upon issuance of a building permit by the City, and all

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

Facility Fees are pledged towards the repayment of the Series 2018 Senior and Subordinate bonds. The first 80 lots, which were constructed prior to the Facility Fee Resolution, are exempt from paying the Facility Fee to the District.

The land subject to contributing Pledged Revenue towards repayment of the District's bonds is platted for 573 single family home lots and 164 paired-home lots. Based on these lot counts, one-time Facility Fees to be paid to the District totals \$777,900. Through December 31, 2023, the District has collected Facility Fees totaling \$758,100. Facility fees totaling \$19,800 remain unpaid and due to the District on 18 single family home lots located in Phase 4.

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, against homeowners whom the District deems to be in violation of the restrictive covenants provided in the Declaration of Covenants, Conditions and Restrictions for Buffalo Highlands filed with the Adams County Clerk & Recorder's Office on January 31, 2018 at reception number 2018000008964 (the Declaration). Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective property owners. The District presents reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

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.

On July 15, 2019, the District approved the exclusion of certain property from the District. Such property remains subject to Pledged Revenue (as defined in the Bond offering documents), which includes property taxes levied by the District for the purpose of (1) repaying the District's Senior Bonds and Subordinate Bonds and (2) funding the related collection costs incurred by the District to repay the Bonds. The District allocates fixed fee collection costs between its general fund (60% cost allocation) and its debt fund (40% cost allocation). Variable collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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, 2023 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.

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 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.

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

- **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, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments – unrestricted	\$ 37,738
Cash and investments – restricted	2,825,951
Total cash and investments	<u>\$ 2,863,689</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 20,377
Investments	2,843,312
Total cash and investments	<u>\$ 2,863,689</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be 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, 2023, the District's cash held at financial institutions had a bank balance of \$22,221 and carrying balance of \$20,377.

Investments

The District has not adopted a formal investment policy. However, the District follows 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 disclosure requirements for investments that are in the possession of another party.

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

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, 2023, the District’s investments were comprised of the following:

Investment	Maturity	Amortized Cost
ColoTrust Plus+ (Colotrust)	Weighted average under 60 days	\$ 2,650,602
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	192,710
Total		\$ 2,843,312

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

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

by the Trust. No limitations exist on the District's ability to withdraw funds invested in Colotrust. Colotrust is rated AAAM by Standard & Poor's.

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2023, follows:

	Balance at Dec. 31, 2022	Additions	Dedications	Balance at Dec. 31, 2023	Accumulated Depreciation
Perimeter fencing	294,450	-	-	294,450	(78,400)
Monument sign	140,000	-	-	140,000	(51,300)
Sidewalks	30,000	-	-	30,000	(4,400)
Sprinkler systems	40,000	-	-	40,000	(8,700)
Backflow valves	6,000	-	-	6,000	(1,600)
Total capital assets subject to depreciation	510,450	-	-	510,450	(144,400)
Governmental activities – Capital assets, net	\$ 536,050	\$ -	\$ -	536,050	(\$144,400)

The District owns and maintains approximately 1.6 acres of public open spaces located across eight land tracts within the Buffalo Highlands subdivision. The Developer dedicated these land tracts to the District on July 15, 2019, and the District has recorded the public land and related water rights at a nominal value of \$25,600.

Capital assets subject to depreciation consists of the following types of public infrastructure: (1) landscaping installed in various public open spaces throughout the subdivision, (2) storm water detention pond, (3) entryway monument signs, (4) sidewalks and irrigation systems and (5) perimeter fencing along Landmark Drive, 96th Avenue and bordering open spaces maintained by the District.

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

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2023:

	Balance at Dec. 31, 2022	Additions	Retirements	Balance at Dec. 31, 2023	Due within one year
Series 2018A G.O. Bonds	\$ 18,145,000	\$ -	(\$ 5,000)	\$ 18,140,000	\$ 165,000
Accrued Interest – Series 2018A G.O. Bonds	80,611	967,331	(967,331)	80,611	-
Series 2018B G.O. Bonds	2,452,000	-	-	2,452,000	-
Accrued Interest – Series 2018B G.O. Bonds	1,005,625	275,663	-	1,281,288	-
Bond Premium	43,607	-	(2,370)	41,237	-
Total	\$ 21,726,843	\$1,242,994	(\$ 974,701)	\$ 21,995,136	\$ 165,000

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

Series 2018A General Obligation Refunding and Improvement Bonds (Senior Bonds)

On July 19, 2018, the District issued \$18,145,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2018A (“Senior Bonds”). The proceeds from the sale of the Senior Bonds – including a premium of \$55,458 – were used as follows:

The proceeds from the sale of the Senior Bonds were used as follows:

Bond proceeds	\$ 18,145,000
Bond premium	55,458
Less:	
Capitalized interest costs	(2,208,740)
Fund the Senior Reserve Fund	(1,486,181)
Underwriter’s discount	(362,900)
Legal, accounting and other costs of issuance	(230,000)
Retiring existing debt obligations and accrued interest	(3,861,560)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 10,051,077

The Senior Bonds were issued as two term bonds that bear interest at 5.250% (on \$6,370,000 principal) and 5.375% (on \$11,775,000 principal), and are payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Senior Bonds mature on December 1, 2048. In the event any amounts due and owing on the Senior Bonds remain outstanding on December 1, 2054, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

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

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Fees; and
- d) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Senior Required Mill Levy is defined as the mill levy necessary to generate sufficient property tax revenue during the year to (1) fully pay the annual principal and interest payment due on the Senior Bonds, (2) ensure the Senior Reserve Fund is replenished to \$1,486,181 (the Senior Reserve Requirement), and (3) the Surplus Fund is fully funded at the Maximum Surplus Amount of \$1,814,500. For 2023, the Senior Required Mill Levy cannot exceed 57.266 mills, which shall be adjusted in future years inversely to any future changes made by the State of Colorado to the Residential Assessment Rate (i.e. the ratio of assessed taxable value of property to actual property value).

As of December 31, 2023, the balance in the Senior Reserve account and Senior Surplus account managed by the bond trustee was \$1,506,269 and \$1,143,059, respectively.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 1, 2023, to November 30, 2024	3.0%	\$ 544,200
December 1, 2024, to November 30, 2025	2.0%	\$ 359,500
December 1, 2025, to November 30, 2026	1.0%	\$ 177,400
December 1, 2025, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 165,000	\$ 967,069	\$ 1,132,069
2025	235,000	958,406	1,193,406
2026	270,000	946,069	1,216,069
2027	285,000	931,894	1,216,894
2028	325,000	916,931	1,241,931
2029 to 2033	2,055,000	4,301,157	6,356,157
2034 to 2038	3,030,000	3,664,593	6,694,593
2039 to 2043	4,295,000	2,734,531	7,029,531
2044 to 2048	7,480,000	1,407,444	8,887,444
Total	\$ 18,140,000	\$ 16,828,094	\$34,968,094

The District's detail debt service schedule for its Senior Bonds is provided on page 28.

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

Series 2017B Subordinate Limited Tax G.O. Bonds (Subordinate Bonds)

On July 19, 2018, the District issued \$2,452,000 Subordinate Limited Tax General Obligation Bonds, Series 2018B ("Subordinate Bonds").

The Subordinate Bonds were issued at the rate of 7.625% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2046. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) any amounts in the Senior Surplus Fund upon the termination of such fund pursuant to the terms of the Senior Indenture; and
- e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Per section 4.05(f) of the Subordinate Bonds Indenture of Trust, if the Subordinate Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the Subordinate Bonds when due, the District has irrevocably covenanted to use its best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such payment shortfall. In the event any amount of principal or interest on the Subordinate Bonds remains unpaid on December 15, 2053 after application of (1) all Subordinate Pledged Revenue and (2) proceeds from refinancing, refunding or restructuring the Subordinate Bonds, the Subordinate Bonds will be discharged and the bondholders will have no recourse against the District.

Payments toward interest and principal on the Subordinate Bonds can be made provided the Series 2018A Bonds are current and the Reserve Fund and Surplus Fund for the Series 2018A Bonds are full. The District is required to impose the minimum required mill levy of 57.266 mills until the Subordinate Series 2018B Bonds are fully paid or discharged on December 15, 2053; however, only revenues resulting from the number of mills equal to 57.266 mills less the Senior Required Mill Levy are pledged to payment of the Subordinate Series 2018B Bonds.

Land Outside of District Boundaries Obligated to Support Series 2017 Bonds

On July 15, 2019, the District approved the exclusion of certain property from the District. The excluded land is primarily located within the Buffalo Highlands Filing No 2 and Buffalo Highlands Filing No 3 subdivisions, which border the east and south side of the District. Such property remains subject to (as defined in the Series 2017A and Series 2017B Bond offering documents) Pledged Revenue, net of any costs of collection. Pledged Revenue includes (a) property taxes assessed per the District's debt mill levy, (b) matching specific ownership tax contributions received from the State of Colorado, (c) Capital Fees (which includes Facility Fees) assessed on property owners and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

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

Events of Default – Series 2018 Senior and Subordinate Bonds

The following events are considered events of default under the 2018 Senior and Subordinate bond indentures of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) on and after the Unlimited Tax Receipt Date, the District fails to pay the principal of or interest on the Bonds when due, (3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee or Bond Owners or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization

Debt Authorization – Service Plan

The District’s Amended and Restated Service Plan, which was approved by the Commerce City on May 04, 2015, authorizes the District to issue up to \$25 million in debt at over a term not to exceed 40 years. The repayment of the District’s debt can exceed 40 years if the majority of the District’s Board are residents of the District and the District’s Board has voted in favor of refunding a part or all of the District’s debt (which must result in a net present value savings). The District’s Amended and Restated Service Plan also requires the District to issue debt at market comparable interest rates.

The District’s Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District’s total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2002. As of January 1, 2002, the ratio was 9.15%. The ratio for 2023 was 6.95%, which caused the District’s Maximum Allowable Mill Levy for debt service for 2023 to be 65.827. (The required debt mill levy for 2023 per the District’s Series 2018 Senior and Subordinate bonds is 57.266, which is below the District’s Maximum Allowable Mill Levy.)

As of December 31, 2023, total remaining debt issuance authorization under the District’s Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 25,000,000
Less:	
2013 Loan funded by City	(6,180,000)
2018A Senior Bonds	(14,357,000)
2018B Subordinate Bonds	-
Unused, authorized debt issuance as of Dec. 31, 2023	\$ 4,463,000

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

Debt Authorization – TABOR

On November 05, 2002, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$15,000,000 for infrastructure improvements and operations at a net effective interest rate not to exceed 18% and \$14,000,000 for refunding the District's debt.

On November 06, 2007, the District's electors authorized the issuance of additional indebtedness in an amount not to exceed \$99,000,000 for infrastructure improvements and operations at a net effective interest rate not to exceed 18% and an additional \$14,000,000 for refunding the District's debt.

On May 06, 2014, the District's electors authorized the issuance of additional indebtedness in an amount not to exceed \$155,000,000 for infrastructure improvements and operations at a net effective interest rate not to exceed 18% and an additional \$14,000,000 for refunding the District's debt.

On November 03, 2015, the District's electors authorized the issuance of additional indebtedness in an amount not to exceed \$280,000,000 for infrastructure improvements and operations at a net effective interest rate not to exceed 18% and an additional \$25,000,000 for refunding the District's debt.

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

	Authorized Nov. 2002 Election	Authorized Nov. 2007 Election	Authorized May 2014 Election	Authorized Nov. 2015 Election	Total Voter- Authorized Debt
Street improvements	\$8,200,000	\$14,000,000	\$14,000,000	\$25,000,000	\$61,200,000
Park and recreational facilities	600,000	14,000,000	14,000,000	25,000,000	53,600,000
Sanitary supply	2,000,000	14,000,000	14,000,000	25,000,000	55,000,000
Water supply	3,050,000	14,000,000	14,000,000	25,000,000	56,050,000
Public transportation system	-	14,000,000	14,000,000	25,000,000	53,000,000
Intergovernmental agreements	-	14,000,000	14,000,000	25,000,000	53,000,000
Operations and maintenance	1,000,000	1,000,000	1,000,000	5,000,000	8,000,000
Traffic and safety controls	100,000	14,000,000	14,000,000	25,000,000	53,100,000
Security services and improvements	-	-	14,000,000	25,000,000	39,000,000
Fire protection system	-	-	14,000,000	25,000,000	39,000,000
Television relay and translation system	-	-	14,000,000	25,000,000	39,000,000
Mosquito control	50,000	-	14,000,000	25,000,000	39,050,000
Subtotal	15,000,000	99,000,000	155,000,000	280,000,000	549,000,000
Refunding of debt	14,000,000	14,000,000	14,000,000	25,000,000	67,000,000
Total	\$29,000,000	\$113,000,000	\$169,000,000	\$305,000,000	\$616,000,000

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

	Total Voter- Authorized Debt	July 2013 Loan w City	Series 2018 Bonds	2023 Reverse TABOR Election	Authorization Remaining at Dec. 31, 2023
Street improvements	\$61,200,000	(\$ 6,180,000)	(\$ 9,096,000)	(\$ 45,924,000)	\$ -
Park and recreational facilities	53,600,000	-	(1,269,000)	(52,331,000)	-
Sanitary supply	55,000,000	-	(3,033,000)	(51,967,000)	-
Water supply	56,050,000	-	(959,000)	(55,091,000)	-
Public transportation system	53,000,000	-	-	(53,000,000)	-
Intergovernmental agreements	53,000,000	-	-	(53,000,000)	-
Operations and maintenance	8,000,000	-	-	(8,000,000)	-
Traffic and safety controls	53,100,000	-	-	(53,100,000)	-
Security services and improvements	39,000,000	-	-	(39,000,000)	-
Fire protection system	39,000,000	-	-	(39,000,000)	-
Television relay system	39,000,000	-	-	(39,000,000)	-
Mosquito control	39,050,000	-	-	(39,050,000)	-
Subtotal	549,000,000	(6,180,000)	(14,357,000)	(528,463,000)	-
Refunding of debt	67,000,000	-	(6,240,000)	(60,760,000)	-
Total	\$616,000,000	(\$ 6,180,000)	(\$20,597,000)	(\$589,223,000)	\$ -

NOTE 6 – NET POSITION (DEFICIT)

Restricted Net Position

The District's restricted net position as of December 31, 2023 in the general fund, debt service fund and capital projects fund totaled \$4,800, \$2,654,016 and \$172,169, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2018 Bonds.

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2023 in the general fund, debt service fund and capital project fund totaled \$5,005, \$0, and \$0, respectively. These balances were created due to the District prepaying certain 2024 expenses in 2023.

Unassigned Net Position

The District's unassigned net position as of December 31, 2023 totaled (\$21,540,169). This deficit amount was a result of the District being responsible for the repayment of bonds issued to fund public improvements constructed by the Developer and turned over to the City.

NOTE 7 – RELATED PARTIES

None of the five District residents serving on the District's board reported personal conflicts of interest arising from their participation on the District's board.

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

NOTE 8 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation 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 the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 – 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.

On November 7, 2023, 91 District voters voted by a margin of 89% to authorize the District to assess property taxes at no more than \$1 million annually (adjusted annually for inflation), 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.

On November 3, 2015, District voters authorized the District to assess property taxes at no more than \$25 million annually, without limitation to rate, to fund amounts due pursuant to any intergovernmental agreements or other contracts entered into by the District. 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. On November 7, 2023, 91 District voters voted by a margin of 88% to reduce this amount down to \$1 million annually.

On November 3, 2015, District voters authorized the District to assess property taxes at no more than \$25 million annually, without limitation to rate, to fund any regional improvements for which the District may be obligated pursuant to the terms of the District's service plan. 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

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

raising or other limitations. On November 7, 2023, 91 District voters voted by a margin of 88% to eliminate this taxation authority previously granted in 2015 by the voters.

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.

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 HIGHLANDS METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 897,900	\$ 894,528	\$ (3,372)
Specific ownership taxes	44,900	54,477	9,577
Net investment income	1,000	143,736	142,736
Total Revenues	<u>943,800</u>	<u>1,092,741</u>	<u>148,941</u>
EXPENDITURES			
Direct and indirect collection costs	64,500	43,355	21,145
Debt service			
Interest - Series 2018A Bonds	967,400	967,331	69
Principal - Series 2018A Bonds	5,000	5,000	-
Total Expenditures	<u>1,036,900</u>	<u>1,015,686</u>	<u>21,214</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(93,100)</u>	<u>77,055</u>	<u>170,155</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(93,100)</u>	<u>77,055</u>	<u>170,155</u>
FUND BALANCE – BEGINNING	<u>2,499,200</u>	<u>2,576,961</u>	<u>77,761</u>
FUND BALANCE – END OF YEAR	<u>\$ 2,406,100</u>	<u>\$ 2,654,016</u>	<u>\$ 247,916</u>

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

**BUFFALO HIGHLANDS METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 13,500	\$ 4,355	\$ 9,145
Indirect collection cost allocation	33,000	33,000	-
Legal fees	10,000	-	10,000
Bond paying agent fees	6,000	6,000	-
Miscellaneous	2,000	-	2,000
Total Direct and Indirect Collection Costs	\$ 64,500	\$ 43,355	\$ 21,145

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

**BUFFALO HIGHLANDS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ -	\$ -	\$ -
Other	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	25,000	25,000	-
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER)	25,000	25,000	-
FUND BALANCE – BEGINNING OF YEAR	<u>142,500</u>	<u>147,169</u>	<u>4,669</u>
FUND BALANCE – END OF YEAR	<u><u>\$ 167,500</u></u>	<u><u>\$ 172,169</u></u>	<u><u>\$ 4,669</u></u>

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

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2023

The District's repayment schedule for its Series 2018A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2024	\$ 165,000	\$ 967,069	5.25% – 5.375%	\$ 1,132,069
2025	235,000	958,406	5.25% – 5.375%	1,193,406
2026	270,000	946,069	5.25% – 5.375%	1,216,069
2027	285,000	931,894	5.25% – 5.375%	1,216,894
2028	325,000	916,931	5.25% – 5.375%	1,241,931
2029	340,000	899,869	5.25% – 5.375%	1,239,869
2030	385,000	882,019	5.25% – 5.375%	1,267,019
2031	405,000	861,806	5.25% – 5.375%	1,266,806
2032	450,000	840,544	5.25% – 5.375%	1,290,544
2033	475,000	816,919	5.25% – 5.375%	1,291,919
2034	525,000	791,981	5.25% – 5.375%	1,316,981
2035	555,000	764,419	5.25% – 5.375%	1,319,419
2036	610,000	735,281	5.25% – 5.375%	1,345,281
2037	640,000	703,256	5.25% – 5.375%	1,343,256
2038	700,000	669,656	5.25% – 5.375%	1,369,656
2039	740,000	632,906	5.375%	1,372,906
2040	805,000	593,131	5.375%	1,398,131
2041	850,000	549,863	5.375%	1,399,863
2042	925,000	504,175	5.375%	1,429,175
2043	975,000	454,456	5.375%	1,429,456
2044	1,055,000	402,050	5.375%	1,457,050
2045	1,110,000	345,344	5.375%	1,455,344
2046	1,200,000	285,681	5.375%	1,485,681
2047	1,265,000	221,181	5.375%	1,486,181
2048	2,850,000	153,188	5.375%	3,003,188
	<u>\$18,140,000</u>	<u>\$16,828,094</u>		<u>\$34,968,094</u>

The original face value of these bonds totaled \$18,145,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Subordinate Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay these bonds.

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2023

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)	
2020	\$ 7,257,220	14.744	55.664	\$ 511,000	\$ 561,917	110.0%
2021 - General	5,099,640	27.453	-	140,000	138,658	99.0%
2021 - Debt	11,976,290	-	55.664	666,600	660,600	99.1%
2022 - General	5,214,850	26.846	-	140,000	144,215	103.0%
2022 - Debt	14,450,840	-	55.664	804,400	804,368	100.0%
2023 - General	5,061,380	33.489	-	169,500	171,726	101.3%
2023 - Debt	15,679,350	-	57.266	897,900	894,528	99.6%
2024 - General	6,052,060	28.007	-	169,500	[TBD]	[TBD]
2024 - Debt	21,863,960	-	59.402	1,298,800	[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 HIGHLANDS METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVY
December 31, 2023

	2022 Mill Levy *	2023 Mill Levy **	Change
Buffalo Highlands Metropolitan District	90.755	87.409	(3.346)
Brighton School District No. 27J	56.290	56.290	-
Adams County	26.967	26.835	(0.132)
Commerce City North Infrastructure	14.000	8.000	(6.000)
South Adams County Fire Protection District	14.750	14.750	-
Commerce City	3.110	2.550	(0.560)
Rangeview Library District	3.615	3.653	0.038
South Adams County Water & Sanitation District	2.424	1.966	(0.458)
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.100	0.100	-
Total Mill Levy	212.911	202.453	(10.458)

* -- For property tax collections in 2023

** -- For property tax collections in 2024

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2023

	2019	2020	2021	2022	2023
General Obligation Bonds	\$ 20,597,000	\$ 20,597,000	\$ 20,597,000	\$ 20,597,000	\$ 20,592,000
Accrued, unpaid interest - Bonds	\$ 372,872	\$ 593,104	\$ 830,449	\$ 1,086,236	\$ 1,361,899
Restricted cash	(\$3,172,228)	(\$2,969,257)	(\$2,665,757)	(\$2,574,595)	(\$2,825,351)
Combined assessed property values within the District	\$ 7,257,220	\$ 11,976,290	\$ 14,450,840	\$ 15,679,350	\$ 21,863,960
Ratio of debt to assessed property values	245%	152%	130%	122%	87.5%