

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

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

**YEAR ENDED DECEMBER 31, 2019**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Buckhorn Valley Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Buckhorn Valley Metropolitan District No. 1, as of December 31, 2019, and the respective changes in financial position thereof and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
September 29, 2020

## **BASIC FINANCIAL STATEMENTS**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 16,935	\$ 16,781	\$ 33,716
Cash and Investments - Restricted	5,294	-	5,294
Accounts Receivable - Services	-	27,357	27,357
Receivable from Buckhorn Valley Metropolitan District No. 2	150	-	150
Due from Other Funds	-	104,688	104,688
Capital Assets, Net of Accumulated Depreciation	1,577,029	1,756,064	3,333,093
Long-Term Receivable: Capital Obligation - Buckhorn Valley Metropolitan District No. 2	3,478,750	-	3,478,750
Total Assets	5,078,158	1,904,890	6,983,048
<b>LIABILITIES</b>			
Accounts Payable	18,553	20,683	39,236
Due to other Funds	104,688	-	104,688
Unearned Revenue	-	4,212	4,212
Noncurrent Liabilities: Due in More Than One Year	3,501,819	-	3,501,819
Total Liabilities	3,625,060	24,895	3,649,955
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,577,029	1,756,064	3,333,093
Restricted for:			
Emergency Reserve	2,000	-	2,000
Unrestricted	(125,931)	123,931	(2,000)
Total Net Position	\$ 1,453,098	\$ 1,879,995	\$ 3,333,093

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Revenues				Net Revenue (Expenses) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Government Activities:							
General Government	\$ 157,946	\$ 2,880	\$ -	\$ 16,507	\$ (138,559)	\$ -	\$ (138,559)
Intergovernmental Agreement	-	-	-	331,502	331,502	-	331,502
Interest on Long-Term Obligations	229,091	-	-	-	(229,091)	-	(229,091)
Total Governmental Activities	<u>\$ 387,037</u>	<u>\$ 2,880</u>	<u>\$ -</u>	<u>\$ 348,009</u>	(36,148)	-	(36,148)
Business-Type Activities:							
Enterprise, Including Depreciation	\$ 335,971	\$ 382,585	\$ -	\$ -	-	46,614	46,614
Total Business-Type Activities	<u>\$ 335,971</u>	<u>\$ 382,585</u>	<u>\$ -</u>	<u>\$ -</u>	-	46,614	46,614
<b>GENERAL REVENUES</b>							
Other Income					11,195	4,690	15,885
Transfer of Capital Assets, Net					(7,101)	7,101	-
Other Transfers					197,722	(197,722)	-
Total General Revenues					<u>201,816</u>	<u>(185,931)</u>	<u>15,885</u>
<b>CHANGE IN NET POSITION</b>							
					165,668	(139,317)	26,351
Net Position - Beginning					<u>1,287,430</u>	<u>2,019,312</u>	<u>3,306,742</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 1,453,098</u>	<u>\$ 1,879,995</u>	<u>\$ 3,333,093</u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

<b>ASSETS</b>	General	Capital Projects	Capital Projects - Abrams Creek	Total Governmental Funds
Cash and Investments	\$ 6,016	\$ 10,919	\$ -	\$ 16,935
Cash and Investments - Restricted	2,000	-	3,294	5,294
Receivable from Buckhorn Valley Metropolitan District No. 2	150	-	-	150
Total Assets	\$ 8,166	\$ 10,919	\$ 3,294	\$ 22,379
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 7,634	\$ 10,919	\$ -	\$ 18,553
Due to Other Funds	-	-	104,688	104,688
Total Liabilities	7,634	10,919	104,688	123,241
<b>FUND BALANCES (DEFICITS)</b>				
Restricted For:				
Emergency Reserves	2,000	-	-	2,000
Unassigned:				
General Government	(1,468)	-	(101,394)	(102,862)
Total Fund Balances (Deficits)	532	-	(101,394)	(100,862)
Total Liabilities and Fund Balances (Deficits)	\$ 8,166	\$ 10,919	\$ 3,294	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				1,577,029
Other long-term assets held by the District toward payment for infrastructure built on behalf of another district do not represent current financial resources and, therefore, are not reported in the funds.				3,478,750
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(3,501,819)
Net Position of Governmental Activities				\$ 1,453,098

See accompanying Notes to Basic Financial Statements.



**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	General	Capital Projects	Capital Projects - Abrams Creek	Total Governmental Funds
<b>REVENUES</b>				
Service Obligation from Buckhorn Valley				
Metropolitan District No. 2	\$ 63,218	\$ -	\$ -	\$ 63,218
Utility Lot Rental Fees	2,880	-	-	2,880
Other Revenue	11,195	-	-	11,195
Grant Revenue - Trout Unlimited	-	-	16,507	16,507
Total Revenues	<u>77,293</u>	<u>-</u>	<u>16,507</u>	<u>93,800</u>
<b>EXPENDITURES</b>				
General Government:				
Accounting	18,748	650	-	19,398
Audit Fees	11,900	-	-	11,900
District Management	26,550	16,200	-	42,750
Dues and Subscriptions	898	-	-	898
Insurance and Bonds	9,207	-	-	9,207
Legal	13,315	4,095	-	17,410
Miscellaneous	5,524	-	-	5,524
Storage Lot	27,854	-	-	27,854
Repairs and Maintenance	-	9,716	-	9,716
Capital Outlay:				
Parks and Recreation	-	58,941	-	58,941
Water Line	-	-	25,196	25,196
Total Expenditures	<u>113,996</u>	<u>89,602</u>	<u>25,196</u>	<u>228,794</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(36,703)	(89,602)	(8,689)	(134,994)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	85,818	111,904	-	197,722
Transfer to Other Funds	-	(7,101)	-	(7,101)
Total Other Financing Sources (Uses)	<u>85,818</u>	<u>104,803</u>	<u>-</u>	<u>190,621</u>
<b>NET CHANGE IN FUND BALANCES</b>	49,115	15,201	(8,689)	55,627
Fund Balances (Deficits) - Beginning of Year - Restated	<u>(48,583)</u>	<u>(15,201)</u>	<u>(92,705)</u>	<u>(156,489)</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 532</u>	<u>\$ -</u>	<u>\$ (101,394)</u>	<u>\$ (100,862)</u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ 55,627

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

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

Depreciation	(13,289)
Capital Outlay	84,137

Costs incurred to construct and operate infrastructure in the District are uses of currently available resources. However, Buckhorn Valley Metropolitan District No. 2 has and will continue to reimburse the District for these costs, net of revenues collected. Therefore, the net amount is recorded as an increase or decrease in long-term receivables. 268,284

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

Accrued interest on Developer Advances - Change in liability	(229,091)
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Change in Net Position of Governmental Activities \$ 165,668

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Service Obligation from Buckhorn Valley				
Metropolitan District No. 2	\$ 63,182	\$ 63,182	\$ 63,218	\$ 36
Utility Lot Rental Fees	6,500	3,000	2,880	(120)
Other Income	49,000	12,000	11,195	(805)
Total Revenues	<u>118,682</u>	<u>78,182</u>	<u>77,293</u>	<u>(889)</u>
<b>EXPENDITURES</b>				
General Government:				
Accounting	18,000	18,000	18,748	(748)
Audit Fees	11,000	11,000	11,900	(900)
Management/Operations/Supervision	40,000	28,000	26,550	1,450
Dues and Subscriptions	500	1,000	898	102
Insurance and Bonds	11,000	11,000	9,207	1,793
Legal	25,000	15,000	13,315	1,685
Miscellaneous	1,500	6,000	5,524	476
Storage Lot	-	30,000	27,854	2,146
Contingency	4,000	3,000	-	3,000
Total Expenditures	<u>111,000</u>	<u>123,000</u>	<u>113,996</u>	<u>9,004</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	7,682	(44,818)	(36,703)	8,115
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	116,841	95,000	85,818	(9,182)
Total Other Financing Sources (Uses)	<u>116,841</u>	<u>95,000</u>	<u>85,818</u>	<u>(9,182)</u>
<b>NET CHANGE IN FUND BALANCES</b>	124,523	50,182	49,115	(1,067)
Fund Balance (Deficit) - Beginning of Year	<u>(122,323)</u>	<u>(48,583)</u>	<u>(48,583)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 2,200</u></u>	<u><u>\$ 1,599</u></u>	<u><u>\$ 532</u></u>	<u><u>\$ (1,067)</u></u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Enterprise Fund
<b>ASSETS</b>	
Cash and Investments	\$ 16,781
Due from Other Funds	104,688
Accounts Receivable	27,357
Capital Assets, Not Being Depreciated:	
Water Rights	770,654
Capital Assets, Net:	
Irrigation Water System	985,410
Total Assets	1,904,890
<b>LIABILITIES</b>	
Accounts Payable	20,683
Deferred Revenue	4,212
Total Liabilities	24,895
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,756,064
Unrestricted	123,931
Total Net Position	\$ 1,879,995

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Water Usage Fees	\$ 382,585
Total Operating Revenues	<u>382,585</u>
<b>OPERATING EXPENSES</b>	
General and administrative	
Accounting	18,748
Billing	15,134
Management/Operations/Supervision	67,480
Insurance	9,207
Legal	1,615
Office Expenses	1,758
Miscellaneous	4,340
Operations and Maintenance	
Water System Operations and Maintenance	53,206
Repairs and Maintenance	18,479
Utilities	8,509
Vehicle Expense	347
Depreciation	137,148
Total Operating Expenses	<u>335,971</u>
<b>OPERATING INCOME (LOSS)</b>	46,614
<b>OTHER REVENUES AND EXPENDITURES</b>	
Other Income	4,690
Capital Assets Transferred from CP Fund	7,101
Transfer to Other Funds	<u>(197,722)</u>
Total Other Revenues and Expenditures	<u>(185,931)</u>
<b>CHANGE IN NET POSITION</b>	(139,317)
Net Position - Beginning of Year	<u>2,019,312</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,879,995</u></u>

See accompanying Notes to Basic Financial Statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 401,646
Payments to Suppliers	<u>(221,686)</u>
Net Cash Provided by Operating Activities	179,960

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Other Income	4,690
Net Transfers from (to) Governmental Funds	<u>(171,742)</u>
Net Cash Used by Noncapital Financing Activities	(167,052)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of Capital Assets	<u>(10,495)</u>
Net Cash (Required) by Capital and Related Financing Activities	<u>(10,495)</u>

**NET INCREASE IN CASH AND INVESTMENTS**

2,413

Cash and Investments - Beginning of Year

14,368

**CASH AND INVESTMENTS - END OF YEAR**

\$ 16,781

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

Operating Income	\$ 46,614
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	19,235
Increase (Decrease) in Accounts Payable	(22,863)
Increase (Decrease) in Deferred Revenue	(174)
Depreciation Expense	<u>137,148</u>
Net Cash Provided by Operating Activities	<u><u>\$ 179,960</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES**

Net capital activities in the amount of \$7,101 were transferred from governmental activities to business-type activities.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

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

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

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

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

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

The District reports the following major proprietary fund:

The Enterprise Fund accounts for the offering of water services.



**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

**Budgets**

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

The District amended its annual budget for the year ended December 31, 2019.

**Pooled Cash and Investments**

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

**Cash Equivalents**

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Capital Assets**

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

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

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

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

Water/Irrigation System	20 Years
Monuments/Entryways	20 Years
Drainage System	20 Years

**Fund Equity**

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

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

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Fund Equity (Continued)**

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

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

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

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

**Use of Estimates**

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

**Deficits**

The following individual fund had a deficit reported in the fund financial statements as of December 31, 2019:

Capital Projects Fund - Abrams Creek	\$ (101,394)
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It is anticipated that this deficit will be eliminated with the payment of intergovernmental revenue and possibly additional grant revenue in future years.

**Restatement of Beginning Fund Balance**

The beginning fund balance of the Capital Projects Fund – Abrams Creek was adjusted by \$20,000 for a capital expenditure not previously accrued in 2018. This adjustment did not affect the beginning net position of the government-wide financial statements.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 33,316
Cash and Investments - Restricted	5,694
Total Cash and Investments	\$ 39,010

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

Deposits with Financial Institutions	\$ 39,010
Total Cash and Investments	\$ 39,010

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2019, the District's cash deposits had a bank and carrying balance of \$39,010.

**Investments**

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

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

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Investments (Continued)**

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

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

As of December 31, 2019, the District had no investments.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance - December 31, 2018 (as restated)	Increases	Decreases	Balance - December 31, 2019
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 198,500	\$ -	\$ -	\$ 198,500
Construction in Process	1,162,607	78,821	-	1,241,428
Total Capital Assets, Not Being Depreciated	1,361,107	78,821	-	1,439,928
Capital Assets, Being Depreciated:				
Parks Entryway	149,435	5,316	-	154,751
Storm Drainage	113,677	-	-	113,677
Total Capital Assets, Being Depreciated	263,112	5,316	-	268,428
Less Accumulated Depreciation For:				
Parks Entryway	(69,725)	(7,605)	-	(77,330)
Storm Drainage	(48,313)	(5,684)	-	(53,997)
Total Accumulated Depreciation	(118,038)	(13,289)	-	(131,327)
Total Capital Assets Being Depreciated, Net	145,074	(7,973)	-	137,101
Governmental Capital Assets, Net	<u>\$ 1,506,181</u>	<u>\$ 70,848</u>	<u>\$ -</u>	<u>\$ 1,577,029</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance - December 31, 2018	Increases	Decreases	Balance - December 31, 2019
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Water Rights	\$ 763,553	\$ 7,101	\$ -	\$ 770,654
Total Capital Assets, Not Being Depreciated	763,553	7,101	-	770,654
Capital Assets, Being Depreciated:				
Irrigation Water System	2,724,014	10,495	-	2,734,509
Total Capital Assets, Being Depreciated	2,724,014	10,495	-	2,734,509
Less Accumulated Depreciation For:				
Irrigation Water System	(1,611,951)	(137,148)	-	(1,749,099)
Total Accumulated Depreciation	(1,611,951)	(137,148)	-	(1,749,099)
Total Capital Assets Being Depreciated, Net	1,112,063	(126,653)	-	985,410
Business-Type Capital Assets, Net	<u>\$ 1,875,616</u>	<u>\$ (119,552)</u>	<u>\$ -</u>	<u>\$ 1,756,064</u>

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

Governmental Activities:		
General Government		\$ 13,289
Total Depreciation Expense - Governmental Activities		<u>\$ 13,289</u>
Business-Type Activities:		
Irrigation Water System		\$ 137,148
Total Depreciation Expense - Business-Type Activities		<u>\$ 137,148</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Amounts Due Within One Year
Buckhorn Valley Development LLC					
Accrued Interest	\$ 3,272,728	\$ 229,091	\$ -	\$ 3,501,819	\$ -
Total	<u>\$ 3,272,728</u>	<u>\$ 229,091</u>	<u>\$ -</u>	<u>\$ 3,501,819</u>	<u>\$ -</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Construction Loan Agreement**

On July 22, 2000, the District entered into an agreement with Roark Partners LLLP (Roark), whereby Roark agreed to loan the District a sum not-to-exceed the aggregate of \$9,000,000 to provide revenues to the District for capital expenditures. The loan proceeds are received as requested by the District to pay authorized invoices, upon receipt of which the District records the amount received, date received, and the total accumulated principal-to-date as detailed in the loan agreement. Each advance bears interest from the date received at 6% annual simple interest through September 30, 2001, at a rate equal to  $\frac{2}{3}$  of the rate incurred by Roark from October 1, 2001 through November 4, 2003, and at a rate of 7% thereafter, per the First Amended and Restated Loan Agreement dated November 4, 2003 (and as subsequently amended on March 19, 2007 and December 5, 2007). In February of 2008, the principal obligation to Roark was refunded from proceeds of general obligation bonds issued by Buckhorn Valley Metropolitan District No. 2.

On August 29, 2008, the project was sold by Roark to Buckhorn Valley Development LLC (BV Development), whereby the accrued interest on the Roark Loan was assigned to BV Development and the original \$9,000,000 construction loan agreement was renewed and extended to BV Development. During the transition period, additional advances were made by Roark under the same terms as the original note agreement, resulting in the segregated note balance and additional accrued interest as reflected in the summary above. The principal balance of the loan was repaid in 2010 and as of December 31, 2019, the remaining unpaid accrued interest was \$3,501,819. There is no amortization schedule for the unpaid interest; therefore, a schedule of annual debt service requirement is not presented. The loan agreement is subject to annual renewal and appropriation; however, the loan agreement has not been renewed, and no funds have been appropriated to its repayment.

**Authorized Debt**

On the following dates, the District's electors authorized the incurrence of general obligation indebtedness in the following amounts at an interest rate not to exceed 18% for a maximum term of 20 and 40 years. At December 31, 2019, the District has authorized but unissued indebtedness for the following purposes:

	Authorized May 2, 2000 Election	Authorized November 7, 2000 Election	Authorized November 7, 2006 Election	Remaining at December 31, 2019
Streets	\$ 3,000,000	\$ 3,000,000	\$ 6,000,000	\$ 12,000,000
Traffic and Safety	1,000,000	1,000,000	-	2,000,000
Water	7,980,000	7,980,000	-	15,960,000
Sanitation	3,325,000	3,325,000	-	6,650,000
Parks and Recreation	3,990,000	3,990,000	-	7,980,000
Television Relay	500,000	500,000	-	1,000,000
Mosquito Control	250,000	250,000	-	500,000
Operations and Maintenance	500,000	5,000,000	-	5,500,000
Refunding	21,280,000	21,280,000	-	42,560,000
Intergovernmental Agreements	21,280,000	21,280,000	-	42,560,000
Total	<u>\$ 63,105,000</u>	<u>\$ 67,605,000</u>	<u>\$ 6,000,000</u>	<u>\$ 136,710,000</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 AGREEMENTS**

**District Facilities Construction and Service Agreement**

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

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

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

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



**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 AGREEMENTS (CONTINUED)**

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

To the extent that in any year the Taxing District does not fund its obligations under the Agreement, the amounts not funded are carried forward as obligations in future years under the Agreement. In addition, the Operating District may supplement the revenues from the Taxing District through the imposition of fees against the properties and inhabitants of the Taxing District for the services that the Operating District provides. In prior years and in the current year, the Taxing District has allowed the Operating District to apply credit balances for Service Obligations to the obligation owing for Capital Obligations.

The Agreement may be terminated by either District upon one year's notice, provided that the Taxing District may terminate the Agreement only if, prior to the time of termination, all remaining payments and financial obligations set forth in the Agreement are paid to the Operating District in full. The Operating District may terminate the Agreement only if, in the context of the termination, the Operating District either: 1) transfers to the Taxing District, free and clear and in its entirety, its interest in the Facilities and in each and every one of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by the Operating District and necessary for the continued provision of the Services; or 2) makes the transfer to another governmental entity or entities pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be satisfactory to the Board of Directors of the Taxing District; or 3) in the event the Operating District is dissolved in accordance with Colorado law, makes the transfer pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be held in accordance with that law by an appropriate Colorado Court.

The following is an analysis of the changes in the Taxing District's Capital obligations for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Obligation Liability	\$ 3,210,466	\$ 268,284	\$ -	\$ 3,478,750
Total	<u>\$ 3,210,466</u>	<u>\$ 268,284</u>	<u>\$ -</u>	<u>\$ 3,478,750</u>

**Advance and Reimbursement and Facilities Acquisition Agreement**

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 AGREEMENTS (CONTINUED)**

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

construct or acquire the public infrastructure necessary for the development of the Districts. In the event the Bonds do not issue, the proceeds from such Bonds are not sufficient to repay the advances, or additional advances are made thereunder, the Districts shall make payment for the actual capital construction costs from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the Districts. This reimbursement obligation is and shall be subordinate to any bonded indebtedness of the Districts now in existence or hereafter created, and shall be subject to the limitations of the Districts' Service Plan. The payment of obligations under the ARFAA are subject to annual appropriation by the Board of Directors of the Districts in their sole discretion, and the terms and conditions of the agreement shall not be construed as a multiple-fiscal year direct or indirect District debt or other financial obligation within the meaning of Article X, Section 20 of the Colorado Constitution. As of December 31, 2019, the District had no outstanding obligations under the ARFAA.

**Management Services Agreement**

On September 11, 2010, the District and Buckhorn Valley Metropolitan District No. 2 entered into a Management Services Agreement with Colorado Land Management LLC. The Agreement generally provides that the manager shall conduct all of the Districts' ordinary operational and business affairs, shall provide general supervision and project administration for all projects, facilities and contracts, and provide property management services. District No. 1 shall direct the manager in the provision of the Management Services under the Agreement, and the manager shall obtain approval from District No. 1 prior to providing any Management Services that vary from the Management Services set forth in the Agreement, whereas District No. 1 is responsible for the management of the affairs of both District No. 1 and District No. 2 pursuant to the Master Intergovernmental Agreement between the Districts. The manager shall be paid a monthly base management fee of \$5,000, plus an hourly rate for services not included in the monthly base management fee. During 2019, \$244,131 was paid to Colorado Land Management LLC under this agreement.

**Abrams Creek Flow Improvement Agreement**

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 AGREEMENTS (CONTINUED)**

**Abrams Creek Flow Improvement Agreement (Continued)**

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

In July 2017, the Colorado Water Conservation Board (CWCB) approved a grant for the Project in the amount of \$549,700. During 2018, the District received grant monies from CWCB in the amount of \$589,700, from the Town of Gypsum in the amount of \$100,000, and during 2018 and 2019 from Trout Unlimited in the amount of \$291,507. These funds were used for design and construction of the Project, which is anticipated to be completed at a future date.

**RV Lot Management Agreement**

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

**NOTE 7 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investment in capital assets calculated as follows:

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 NET POSITION (CONTINUED)**

	Governmental Activities	Business-Type Activities
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 1,577,029	\$ 1,756,064
Total	\$ 1,577,029	\$ 1,756,064

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019, the District had restricted net position as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 2,000
Total Restricted Assets	\$ 2,000

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

The District's unrestricted net position as of December 31, 2019, is \$(2,000), which is comprised of \$(125,931) for governmental activities and \$123,931 for business-type activities.

**NOTE 8 RELATED PARTIES**

The prior developer of the property which constitutes the District was Roark Partners, LLLP (Roark). During 2019, one member of the Board of Directors had a financial interest in Roark. Roark is the owner of Buckhorn Valley Metropolitan District No. 2 Series 2008 subordinate bonds.

During 2011, the property owned by BV Development was foreclosed on and acquired by CDDR Properties – OG, LLC, a Texas limited liability company, and a subsidiary of Texas Capital Bank N.A. In December 2013, the development was purchased by BV Firewheel LLC and BV FW Landco LLC, both of which are Texas limited liability companies. One Board member is the registered agent and consultant of Colorado Land Management LLC (see Note 6) and another Board member is the owner of a company that has contracted to provide construction improvements to the District. During 2019, the following amounts were paid to and/or are owed to related parties for services and capital improvements:

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8 RELATED PARTIES (CONTINUED)**

	Payments Made 2019	Balance Due at December 31, 2019
Colorado Land Management LLC	\$ 244,131	\$ 23,930
BV Devco LLC	20,000	-
Scott Green Excavating, Inc.	23,600	-
Total	\$ 287,731	\$ 23,930

**NOTE 9 INTERFUND TRANSFERS**

The Capital Projects Fund conveyed \$7,101 of water rights and irrigation improvements to the Enterprise Fund. The Enterprise Fund transferred \$197,722 to the General Fund and Capital Projects Fund to pay for administrative and capital expenditures.

**NOTE 10 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for most risks of loss. No claims were made against this policy during 2019. Prior to June 2019, the District participated in the Colorado Special Districts Property and Liability Pool.

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

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

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

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

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including but not limited to the interpretation of how to calculate Fiscal Year Spending and other limits, will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Accounting	-	1,000	650	350
District Management	-	16,500	16,200	300
Legal	-	5,000	4,095	905
Repairs and Maintenance	-	10,000	9,716	284
Water Rights - Legal	25,000	-	-	-
Water Rights - Management	20,000	-	-	-
Parks and Recreation	25,000	60,000	58,941	1,059
Contingency	-	-	-	-
Total Expenditures	<u>70,000</u>	<u>92,500</u>	<u>89,602</u>	<u>2,898</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(70,000)	(92,500)	(89,602)	2,898
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	145,000	115,201	111,904	(3,297)
Transfer to Other Funds	-	(7,500)	(7,101)	399
Total Other Financing Sources (Uses)	<u>145,000</u>	<u>107,701</u>	<u>104,803</u>	<u>(2,898)</u>
<b>NET CHANGE IN FUND BALANCE</b>	75,000	15,201	15,201	-
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>(15,201)</u>	<u>(15,201)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
 CAPITAL PROJECTS FUND – ABRAMS CREEK  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Other Grant Revenue	\$ 100,000	\$ -	\$ (100,000)
Grant Revenue - Trout Unlimited	-	16,507	16,507
Total Revenues	100,000	16,507	(83,493)
<b>EXPENDITURES</b>			
Management and Supervision	-	8,600	(8,600)
Legal Services	-	1,750	(1,750)
Miscellaneous	-	314	(314)
Water Line	60,000	14,532	45,468
Total Expenditures	60,000	25,196	34,804
<b>NET CHANGE IN FUND BALANCE</b>	40,000	(8,689)	(48,689)
Fund Balance (Deficit) - Beginning of Year - Restated	-	(92,705)	(92,705)
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	\$ 40,000	\$ (101,394)	\$ (141,394)

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Water Usage Fees	\$ 450,000	\$ 382,585	\$ (67,415)
Other Income	48,000	4,690	(43,310)
Reimbursed Expenditures	10,000	-	(10,000)
Total Revenues	508,000	387,275	(120,725)
<b>EXPENDITURES</b>			
General Administration:			
Accounting	18,000	18,748	(748)
Dues and Licenses	1,000	-	1,000
Insurance and Bonds	11,000	9,207	1,793
Management/Operations/Supervision	60,000	67,480	(7,480)
Legal Services	5,000	1,615	3,385
Miscellaneous	10,000	4,340	5,660
Billing	15,000	15,134	(134)
Office Expenses	6,000	1,758	4,242
Contingency	2,159	-	2,159
Operations and Maintenance:			
Water System Operations/Maintenance	28,000	53,206	(25,206)
Repairs and Maintenance	100,000	18,479	81,521
Utilities	15,000	8,509	6,491
Vehicle Expense	5,000	347	4,653
Capital Outlay	-	10,495	(10,495)
Water Rights	-	7,101	(7,101)
Total Expenditures	276,159	216,419	59,740
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	231,841	170,856	(60,985)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Assets Transferred from CP Fund	-	7,101	7,101
Transfer to Other Funds	(261,841)	(197,722)	64,119
Total Other Financing Sources (Uses)	(261,841)	(190,621)	71,220
<b>NET CHANGE IN FUNDS AVAILABLE</b>	(30,000)	(19,765)	10,235
Funds Available - Beginning of Year	68,048	143,696	75,648
<b>FUNDS AVAILABLE - END OF YEAR</b>	\$ 38,048	\$ 123,931	\$ 85,883

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1  
ENTERPRISE FUND  
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT  
OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
DECEMBER 31, 2019**

	Actual
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenues (Budgetary Basis)	\$ 387,275
Capital assets transferred from Capital Projects Fund	7,101
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position	394,376
Expenditures (Budgetary Basis)	414,141
Depreciation	137,148
Capital outlay	(17,596)
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position	533,693
Changes in Net Position per Statement of Revenues, Expenses and Changes in Net Position	\$ (139,317)