



CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Buckhorn Valley Metropolitan District No. 2
Eagle County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Buckhorn Valley Metropolitan District No. 2 for the General Fund, Debt Service Fund, and Capital Projects Fund for the year ending December 31, 2012, including the forecasted estimate of comparative information for the year ending December 31, 2011, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2010 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2010, as prepared by Monahan, Lampman & Hayes, P.C., dated September 28, 2011, wherein an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the Buckhorn Valley Metropolitan District No. 2.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP' in a cursive script.

Greenwood Village, Colorado
January 12, 2012

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
SUMMARY
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,

1/12/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 119,700	\$ 1,029,023	\$ 805,117
REVENUES			
1 Property taxes	999,139	1,078,573	474,395
2 Specific ownership taxes	34,535	32,900	18,980
3 Net investment income	16,322	20,267	3,010
4 Bond issuance	7,370,000	-	-
Total revenues	<u>8,419,996</u>	<u>1,131,740</u>	<u>496,385</u>
TRANSFERS IN	<u>4,209,385</u>	<u>-</u>	<u>-</u>
Total funds available	<u>12,749,081</u>	<u>2,160,763</u>	<u>1,301,502</u>
EXPENDITURES			
5 General and administration			
6 Audit	5,050	-	-
7 Bank fees	219	212	215
8 Bond issue costs	427,338	-	-
9 Contingency	-	3,445	3,114
10 County Treasurer's fees	30,298	32,357	14,232
11 Dues and membership	538	-	-
12 Insurance	1,425	-	-
13 Transfer to District No. 1 for Capital	2,507,592	228,646	-
14 Transfer to District No. 1 for Operations	112,685	121,600	53,239
15 Debt service			
16 Bond interest 2003	144,200	144,200	144,200
17 Bond interest 2008	914,434	216,486	-
18 Bond interest 2010	313,980	607,700	607,700
19 Bond principal 2008	3,051,164	-	-
20 Bond principal 2010	-	-	70,000
21 Paying agent fees	1,750	1,000	1,000
Total expenditures	<u>7,510,673</u>	<u>1,355,646</u>	<u>893,700</u>
TRANSFERS OUT	<u>4,209,385</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>11,720,058</u>	<u>1,355,646</u>	<u>893,700</u>
ENDING FUND BALANCES	<u>\$ 1,029,023</u>	<u>\$ 805,117</u>	<u>\$ 407,802</u>
EMERGENCY RESERVE	\$ 4,000	\$ 3,800	\$ 1,700
2010 BOND RESERVE FUND	300,000	300,000	300,000
2010 BOND SURPLUS FUND	-	500,000	105,483
TOTAL RESERVE	<u>\$ 304,000</u>	<u>\$ 803,800</u>	<u>\$ 407,183</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/12/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
ASSESSED VALUATION - EAGLE			
Residential	\$ -	\$ 5,927,950	\$ 4,092,810
Commercial	-	45,620	49,200
Vacant Land	-	12,635,180	4,196,730
State Assessed	-	264,600	276,740
Certified Assessed Value	<u>\$ 18,864,630</u>	<u>\$ 18,873,350</u>	<u>\$ 8,615,480</u>
MILL LEVY			
GENERAL FUND	6.118	6.118	6.118
DEBT SERVICE FUND	48.945	48.945	48.945
Total Mill Levy	<u>55.063</u>	<u>55.063</u>	<u>55.063</u>
PROPERTY TAXES			
GENERAL FUND	\$ 115,414	\$ 115,467	\$ 52,710
DEBT SERVICE FUND	923,329	923,756	421,685
Levied property taxes	1,038,743	1,039,223	474,395
Adjustments to actual/rounding	(39,604)	40,341	-
Refund and abatements	-	(991)	-
Budgeted Property Taxes	<u>\$ 999,139</u>	<u>\$ 1,078,573</u>	<u>\$ 474,395</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 111,014	\$ 119,839	\$ 52,710
DEBT SERVICE FUND	888,125	958,734	421,685
	<u>\$ 999,139</u>	<u>\$ 1,078,573</u>	<u>\$ 474,395</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,

1/12/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 12,892	\$ 5,945	\$ 4,189
REVENUES			
1 Property taxes	111,014	119,839	52,710
2 Specific ownership taxes	3,837	3,655	2,110
3 Net investment income	1,287	1,750	10
Total revenues	116,138	125,244	54,830
Total funds available	129,030	131,189	59,019
EXPENDITURES			
General and administration			
4 Audit	5,050	-	-
5 Bank fees	21	12	15
6 Contingency	-	1,793	1,865
7 County Treasurer's fees	3,366	3,595	1,581
8 Dues and membership	538	-	-
9 Insurance	1,425	-	-
10 Transfer to District No. 1 for Operations	112,685	121,600	53,239
Total expenditures	123,085	127,000	56,700
Total expenditures and transfers out requiring appropriation	123,085	127,000	56,700
ENDING FUND BALANCES	\$ 5,945	\$ 4,189	\$ 2,319
EMERGENCY RESERVE	\$ 4,000	\$ 3,800	\$ 1,700
TOTAL RESERVE	\$ 4,000	\$ 3,800	\$ 1,700

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,

1/12/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ 106,808	\$ 795,599	\$ 800,928
REVENUES			
1 Property taxes	888,125	958,734	421,685
2 Specific ownership taxes	30,698	29,245	16,870
3 Net investment income	13,230	17,350	3,000
Total revenues	932,053	1,005,329	441,555
TRANSFERS IN			
CAPITAL PROJECTS FUND	4,209,385	-	-
Total transfers in	4,209,385	-	-
Total funds available	5,248,246	1,800,928	1,242,483
EXPENDITURES			
General and administration			
4 Bank fees	187	200	200
5 Contingency	-	1,652	1,249
6 County Treasurer's fees	26,932	28,762	12,651
Debt service			
7 Bond interest 2003	144,200	144,200	144,200
8 Bond interest 2008	914,434	216,486	-
9 Bond interest 2010	313,980	607,700	607,700
10 Bond principal 2008	3,051,164	-	-
11 Bond principal 2010	-	-	70,000
12 Paying agent fees	1,750	1,000	1,000
Total expenditures	4,452,647	1,000,000	837,000
Total expenditures and transfers out requiring appropriation	4,452,647	1,000,000	837,000
ENDING FUND BALANCES	\$ 795,599	\$ 800,928	\$ 405,483
2010 BOND RESERVE FUND	\$ 300,000	\$ 300,000	\$ 300,000
2010 BOND SURPLUS FUND	-	500,000	105,483
TOTAL RESERVE	\$ 300,000	\$ 800,000	\$ 405,483

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUAL AND 2011 ESTIMATED
For the Years Ended and Ending December 31,

1/12/2012

	ACTUAL 2010	ESTIMATED 2011	ADOPTED 2012
BEGINNING FUND BALANCES	\$ -	\$ 227,479	\$ -
REVENUES			
1 Net investment income	1,805	1,167	-
2 Bond issuance	7,370,000	-	-
Total revenues	7,371,805	1,167	-
Total funds available	7,371,805	228,646	-
EXPENDITURES			
3 Bank fees	11	-	-
4 Bond issue costs	427,338	-	-
5 Transfer to District No. 1 for Capital	2,507,592	228,646	-
Total expenditures	2,934,941	228,646	-
TRANSFERS OUT			
DEBT SERVICE FUND	4,209,385	-	-
Total transfers out	4,209,385	-	-
Total expenditures and transfers out requiring appropriation	7,144,326	228,646	-
ENDING FUND BALANCES	\$ 227,479	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The Buckhorn Valley Metropolitan District No. 2, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was established on May 2, 2000 to provide financing, construction, and operation of the basic public infrastructure including streets, parks and recreation, traffic and safety controls, sanitation, water, television relay and translator, and mosquito and pest control. The District's service area is located in an area of approximately 368 acres of land near the Town of Gypsum, in Eagle County, Colorado.

On May 2, 2000, the District's voters authorized total general obligation indebtedness of \$49,090,000 for the above listed facilities and powers. The District's voters also authorized total indebtedness of \$42,560,000 for the purpose of refunding outstanding financial obligations of the District. The Service Plan, however, establishes a total debt limit for the District of \$26,000,000.

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

The District prepares its budget on the modified accrual basis of accounting.

Revenues

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.

The District's maximum Required Mill Levy is 40.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in a amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up any deficiencies in the Reserve Fund]. As of December 31, 2011, the adjusted maximum mill levy for debt service is 48.945 mills.

The calculation of the taxes levied is displayed on page 3 of the Budget at the adopted mill levy of 55.063 mills of which 6.118 mills is for operations and 48.945 mills is for debt service.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

(Continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 4% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.25%.

Expenditures

Administrative and Operating Expenditures

With the exception of banking and trustee fees, the operating and administrative expenditures are included in the budget of Buckhorn Valley Metropolitan District No. 1.

County Treasurer's Fees

County Treasurer's fees have been computed at 3.0% of property tax collections.

Transfer to Buckhorn Valley Metropolitan District No. 1

Buckhorn Valley Metropolitan District No. 2 (the Financing District) was formed as part of a multiple district structure in conjunction with Buckhorn Valley Metropolitan District No. 1 (the Service District). The Service District will provide public facilities and services benefiting both of the Districts and the Financing District will contribute to the costs of the construction, operation, and maintenance of such facilities. The Service District will transfer all available funds from the imposition of a mill levy for operations and maintenance to the Service District. Additionally, bond proceeds from the issue of the Series 2010 bonds are transferred to the Service District to fund capital expenditures.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

(Continued)

Debt Service

Principal and interest payments in 2012 are provided based on the debt amortization schedules from the Series 2003, 2008, and 2010 Bonds which are detailed on page 5 of the Budget (discussed under Debt and Leases).

Debt and Leases

Limited Tax General Obligation Bonds, Series 2003

The District issued \$2,500,000 of general obligation bonds dated March 1, 2003, with interest of 7% payable on June 1 and December 1, to partially reimburse Buckhorn Valley Metro District No. 1 for costs related to the construction of infrastructure within the District. The principal on the bonds is payable on December 1 and matures in various increments from 2020 through 2023. The bonds were subject to mandatory redemption to the extent of monies still held by the trustee on September 1, 2007 and \$440,000 was repaid in 2007 as required by the bond documents. Bonds maturing on and after December 1, 2013 are subject to optional redemption at the District's option without redemption premium upon payment of principal plus accrued interest to the redemption date. The bonds are limited tax general obligations of the District, payable from ad valorem taxes to be imposed, at a total rate not to exceed 40 mills, adjusted for any changes in law and the assessment ratio.

Limited Tax Refunding and Improvement Bonds, Series 2010

The District issued \$7,370,000 of general obligation bonds on May 25, 2010, with interest of 7.25% to 8.50% payable on June 1 and December 1. The bonds are limited tax general obligations of the District issued on a parity basis with the Series 2003 bonds. The Series 2010 bonds are secured by and payable from Pledged Revenue consisting of: (a) the Required Mill Levy, (b) the Specific Ownership Tax derived from the Required Mill Levy, (c) and any other legally available money which the District credits to the bond fund. The Series 2010 bonds are also secured by the 2010 Reserve Fund in the Reserve Requirement Amount of \$300,000. The Required Mill Levy is an ad valorem mill levy upon all taxable property of the District in an amount sufficient to pay the principal of, premium if any, and interest on the Series 2010 and Series 2003 bonds as the same become due and payable and to replenish the 2010 Reserve Fund to the Reserve Requirement, but not in excess of 40 mills (subject to adjustment for changes occurring after January 11, 2000 in the method of calculating assessed valuation, which, as currently adjusted, is 48.945 mills), and for so long as (i) the Surplus Account is less than the Maximum Surplus Amount of \$500,000 or (ii) the Series 2008 Subordinate Bonds are outstanding, not less than 40 mills (subject to adjustment for changes in the method of calculating assessed valuation as detailed above).

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2012 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

(Continued)

Subordinate Limited Tax General Obligation Bonds, Series 2008

The District issued \$8,500,000 of subordinate general obligation bonds dated February 13, 2008, with simple interest of 6% payable annually on December 15 until the principal amount and interest due thereon is paid at maturity or upon prior redemption, to partially reimburse Buckhorn Valley Metro District No. 1 for costs related to the construction of infrastructure within the District. The Series 2008 bonds, together with interest thereon shall be payable solely from and to the extent of the Subordinate Pledged Revenue. The Bonds shall constitute an irrevocable lien upon the Subordinate Pledged Revenue, *subordinate* to the lien of any Senior Bonds. The Subordinate Pledged Revenue means (a) all Ad Valorem Revenues payable to the District and (b) any other legally available amounts. To the extent pledged revenues are insufficient to make the interest payments due; such shortfall will continue to accrue to future years. During 2010, \$3,051,164 of principal and \$914,434 of accrued interest was repaid from proceeds of the District's Series 2010 Bonds. As of December 31, 2010 the balance of accrued but unpaid interest on the Series 2008 bonds is \$137,110. As amounts are payable from Subordinate Pledged Revenue, there is no annual debt service schedule for the Series 2008 Subordinate Limited Tax General Obligation Bonds.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided an emergency reserve fund equal to at least 3% of fiscal year spending for 2012, as defined under TABOR.

Debt Service Reserve

The District maintains a Debt Service Reserve as required with the issuance of the Series 2010 Bonds.

This information is an integral part of the accompanying forecasted budget.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2011

	\$2,500,000		\$7,370,000		Total
	General Obligation Limited Tax		General Obligation Limited Tax		
	Bonds Dated March 1, 2003		Refunding and Improvement		
	Interest Rate of 7.0% Interest		Bonds Dated May 24, 2010		
	Payable June 1 and December 1		Interest Rate of 7.25% - 8.50%		
	Principal Due December 1		Interest Payable June 1		
	and December 1		and December 1		
	Principal Due December 1		Principal Due December 1		All Bonds
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ -	\$ 144,200	\$ 70,000	\$ 607,700	\$ 821,900
2013	-	144,200	80,000	602,625	826,825
2014	-	144,200	85,000	596,825	826,025
2015	-	144,200	90,000	590,663	824,863
2016	-	144,200	95,000	584,137	823,337
2017	-	144,200	105,000	577,250	826,450
2018	-	144,200	115,000	569,638	828,838
2019	-	144,200	110,000	561,300	815,500
2020	70,000	144,200	130,000	553,325	897,525
2021	100,000	139,300	140,000	543,900	923,200
2022	110,000	132,300	150,000	533,750	926,050
2023	1,780,000	124,600	160,000	522,875	2,587,475
2024	-	-	170,000	511,275	681,275
2025	-	-	170,000	498,950	668,950
2026	-	-	185,000	484,500	669,500
2027	-	-	200,000	468,775	668,775
2028	-	-	215,000	451,775	666,775
2029	-	-	235,000	433,500	668,500
2030	-	-	315,000	413,525	728,525
2031	-	-	350,000	386,750	736,750
2032	-	-	380,000	357,000	737,000
2033	-	-	425,000	324,700	749,700
2034	-	-	460,000	288,575	748,575
2035	-	-	500,000	249,475	749,475
2036	-	-	535,000	206,975	741,975
2037	-	-	585,000	161,500	746,500
2038	-	-	630,000	111,775	741,775
2039	-	-	685,000	58,225	743,225
	<u>\$ 2,060,000</u>	<u>\$ 1,694,000</u>	<u>\$ 7,370,000</u>	<u>\$ 12,251,263</u>	<u>\$ 23,375,263</u>

NOTE:

No annual debt service schedule for the Series 2008 Subordinate Limited Tax General Obligation Bonds is provided because amounts are payable from subordinate pledged revenue, which may or may not be sufficient to make debt service payments when due.