

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
Eagle County, Colorado

FINANCIAL STATEMENTS
December 31, 2013



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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	I
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements:	
Governmental Funds	
Balance Sheet - Governmental Funds.....	3
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)- Governmental Funds.....	4
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities.....	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	6
Notes to Financial Statements.....	7
SUPPLEMENTAL INFORMATION.....	23
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual	24
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected.....	25
Schedule of Debt Service Requirements to Maturity	26



Certified Public Accountants and Business Consultants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Buckhorn Valley Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2013, 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 and each major fund of Buckhorn Valley Metropolitan District No. 2, as of December 31, 2013, and the respective changes in financial position 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.

I

Wagner Barnes & Griggs, PC

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. The supplementary information as listed in the table of contents is presented for purposed of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Lakewood, Colorado
September 30, 2014

BASIC FINANCIAL STATEMENTS

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities
ASSETS	
Cash and investments - Restricted	\$ 841
Receivable from Buckhorn Valley Metropolitan District No. 1	10,283
Property taxes receivable	289,777
Total assets	300,901
LIABILITIES	
Due to District No. 1	1,560
Due to County	83,914
Accrued interest payable	61,723
Noncurrent liabilities:	
Due in one year	108,000
Due in more than one year	18,028,557
Total liabilities	18,283,754
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	289,777
Total deferred inflows of resources	289,777
NET POSITION	
Restricted for:	
Debt service	300,000
Unrestricted	(18,572,630)
Total net position	\$ (18,272,630)

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
General government	\$ 1,397	\$ -	\$ -	\$ -	\$ (1,397)
Intergovernmental agreement	813,249	-	-	-	(813,249)
Interest and fees on long-term debt	1,083,797	-	-	-	(1,083,797)
Total primary government	<u>\$ 1,898,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,898,443)</u>
General revenues:					
Property taxes					373,585
Specific ownership taxes					19,420
Net investment income					474
Total general revenues					<u>393,479</u>
Change in net position					<u>(1,504,964)</u>
Net position - Beginning					<u>(16,767,666)</u>
Net position - Ending					<u>\$ (18,272,630)</u>

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments - Restricted	\$ -	\$ 841	\$ 841
Receivable from Buckhorn Valley Metropolitan District No. 1	10,283	-	10,283
Property taxes receivable	32,197	257,580	289,777
TOTAL ASSETS	<u>\$ 42,480</u>	<u>\$ 258,421</u>	<u>\$ 300,901</u>
LIABILITIES			
Payable to Buckhorn Valley Metropolitan District No. 1	\$ -	\$ 1,560	\$ 1,560
Due to County	10,283	73,631	83,914
Total liabilities	<u>10,283</u>	<u>75,191</u>	<u>85,474</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	32,197	257,580	289,777
Total deferred inflows of resources	<u>32,197</u>	<u>257,580</u>	<u>289,777</u>
FUND BALANCES (DEFICITS)			
Restricted:			
Debt service	-	(74,350)	(74,350)
Total fund balances (deficits)	<u>-</u>	<u>(74,350)</u>	<u>(74,350)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 42,480</u>	<u>\$ 258,421</u>	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds:

Bonds payable	(14,746,836)
Service obligation to Buckhorn Valley Metropolitan District No. 1	(861,394)
Capital obligation to Buckhorn Valley Metropolitan District No. 1	(1,626,913)
Accrued bond interest	(963,137)
Net position of governmental activities	<u>\$ (18,272,630)</u>

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(DEFICITS) - GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 41,509	\$ 332,076	\$ 373,585
Specific ownership taxes	-	19,420	19,420
Net investment income	30	444	474
Total revenues	<u>41,539</u>	<u>351,940</u>	<u>393,479</u>
EXPENDITURES			
Current			
Banking fees	13	138	151
County Treasurer fees	1,246	9,966	11,212
Intergovernmental			
Service obligation to Buckhorn Valley			
Metropolitan District No. 1	40,280	-	40,280
Debt service			
Bond interest	-	746,475	746,475
Bond principal	-	57,000	57,000
Paying agent/trustee fees	-	910	910
Total expenditures	<u>41,539</u>	<u>814,489</u>	<u>856,028</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>-</u>	<u>(462,549)</u>	<u>(462,549)</u>
NET CHANGE IN FUND BALANCES	-	(462,549)	(462,549)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>388,199</u>	<u>388,199</u>
FUND BALANCES (DEFICITS) -			
END OF YEAR	<u>\$ -</u>	<u>\$ (74,350)</u>	<u>\$ (74,350)</u>

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

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

Net change in fund balances - Total governmental funds	\$ (462,549)
<p>Construction of fixed assets and performance of services by Buckhorn Valley Metropolitan District No. 1 creates a liability of the District. This liability is decreased both by cash payments made by the District and through revenues earned from other sources by Buckhorn Valley Metropolitan District No. 1. This is the current year change in Capital and Service Obligations due to Buckhorn Valley Metropolitan District No. 1.</p>	
	(772,969)
<p>The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Bond principal payment	57,000
<p>Some expenses reported in the statement of activities do not require the use current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest on bonds - Change in liability	<u>(326,446)</u>
Changes in net position of governmental activities	<u><u>\$ (1,504,964)</u></u>

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2013

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 52,476	\$ 41,509	\$ (10,967)
Net investment income	80	30	(50)
Total revenues	<u>52,556</u>	<u>41,539</u>	<u>(11,017)</u>
EXPENDITURES			
Current			
Banking fees	20	13	7
County Treasurer fees	1,574	1,246	328
Service obligation to Buckhorn Valley Metropolitan District No. 1	<u>50,962</u>	<u>40,280</u>	<u>10,682</u>
Total general government	<u>52,556</u>	<u>41,539</u>	<u>11,017</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - DEFINITION OF REPORTING ENTITY

Buckhorn Valley Metropolitan District No. 2 (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 15, 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. 1 (District No. 1). 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. 1.

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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 government 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, specific ownership taxes, and interest. 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 the payments made for principal and interest on long-term general obligation debt of the governmental funds.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 fair 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 a deferred inflow of resources in the year they are levied and measurable. The deferred inflow of resources are recorded as revenue in the year they are available or collected.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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:

- *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.
- *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.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – Restricted	\$ 841
Total cash and investments	<u>\$ 841</u>

Cash and investments as of December 31, 2013 consist of the following:

Investments	\$ 841
	<u>\$ 841</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.

At December 31, 2013, the District's cash deposits had a bank balance and a carrying balance of \$0.

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.

The District generally limits its concentration of investments to those noted with an asterisk (*) 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 credit risk for investments that are in the possession of another party.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 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 and reverse repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2013, the District had the following investments:

Investment	Maturity	Fair Value
Federated Treasury Money		
Market Fund	13 months or less	<u>\$ 841</u>

Federated Treasury Money Market Fund

Debt service funds that were included in the trust accounts at UMB Corporate Trust Services were invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligations Fund is rated AAAM by Standard & Poor's.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - GENERAL OBLIGATION BONDS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Series 2003 G.O. Limited Tax Bonds	\$ 2,055,000	\$ -	\$ -	\$ 2,055,000	\$ -
Series 2008 Subordinate G.O. Limited Tax Bonds	5,448,836	-	-	5,448,836	-
Accrued interest on Subordinate Bonds	574,484	326,930	-	901,414	-
Series 2010 G.O. Limited Tax Refunding and Improvement Bonds	7,300,000	-	57,000	7,243,000	108,000
	<u>\$ 15,378,320</u>	<u>\$ 326,930</u>	<u>\$ 57,000</u>	<u>\$ 15,648,250</u>	<u>\$ 108,000</u>

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - GENERAL OBLIGATION BONDS (CONTINUED)

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).

Proceeds from the sale of the Series 2010 bonds were used for: (a) paying or reimbursing a portion of the costs of acquiring, constructing, relocating, and installing certain public improvements and facilities; (b) refunding a portion of the District's outstanding Series 2008 subordinate bonds and refunding the Original Developer Note; (c) funding the 2010 Reserve Fund and; (d) paying the costs of issuance of the Series 2010 bonds.

Since 2011, the assessed value of the District decreased 72%. Therefore, future pledged revenue of the District will not be sufficient to pay when due the debt service requirements with respect to the bonds. Failure to pay principal and/or interest when due on the bonds will result in a "Payment Default," for which the District must provide certain financial information to all owners of the bonds, which is the sole and exclusive remedy for a Payment Default.

The following information was posted as part of a material event notice posted on the Electronic Municipal Market Access (EMMA) website:

"To make the December 1, 2013 debt service payment requirement pursuant to the Series 2010 Bonds ("the Bonds"), the Trustee was advised to draw upon the Reserve Fund created and established under the Indenture in the amount of \$300,000, which was the entire balance in the Reserve Fund. Because there was not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, monies sufficient to pay the entire principal due on the Bonds, the Trustee was only able to pay \$57,000 of principal. The principal amount due on December 1, 2013 was \$80,000, leaving \$23,000 of principal unpaid, which constitutes a Payment Default under the Indenture. To date, the District has not been able to replenish the Reserve Fund, as required under the Indenture. Therefore, the balance in the Reserve Fund at December 31, 2013, was \$0.

"This action was necessary due to the fact that: (1) not all property has been developed within the boundaries of the District as anticipated; (2) a \$98,611 rebate of prior years' taxes was paid to certain taxpayers in 2013 and; (3) the assessed value of property located within the boundaries of the District has been reduced 72% since 2011 due to the downturn of the economy, resulting

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - GENERAL OBLIGATION BONDS (CONTINUED)

in the collection of levied property taxes that are insufficient to completely account for the debt service payment due and owing on the Bonds on December 1, 2013. The District is certifying the maximum mill levy available to it for debt service purposes at 48.945 mills, which is insufficient to meet debt service requirements for the Bonds.”

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. As of December 31, 2013 the balance of accrued but unpaid interest on the Series 2008 bonds is \$901,414.

The District’s long-term obligations on the above outstanding debt at December 31, 2013, will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 108,000	\$ 740,675	\$ 848,675
2015	90,000	734,513	824,513
2016	95,000	727,987	822,987
2017	105,000	721,100	826,100
2018	115,000	713,488	828,488
2019-2023	2,745,000	3,399,050	6,144,050
2024-2028	940,000	2,415,275	3,355,275
2029-2033	1,705,000	1,915,475	3,620,475
2034-2038	2,710,000	1,018,300	3,728,300
2039	685,000	58,225	743,225
	<u>\$ 9,298,000</u>	<u>\$ 12,444,088</u>	<u>\$ 21,742,088</u>

The above table does not include any payments on the Series 2008 Subordinate Bonds because amounts are payable from subordinate pledged revenue, which may or may not be sufficient to make debt service payments when due.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - GENERAL OBLIGATION BONDS (CONTINUED)

Authorized Debt

On May 2, 2000, the District's electors authorized the incurrence of general obligation indebtedness totaling \$63,105,000 at an interest rate not to exceed 18% for a maximum term of 20 years. On November 7, 2000, the District's electors authorized an additional \$67,605,000 of general obligation indebtedness at an interest rate not to exceed 18%, for a maximum term of 40 years. At December 31, 2013, the District has authorized but unissued indebtedness for the following purposes:

	<u>Total Authorized</u>	<u>Authorization Used</u>			<u>Remaining at</u>
	<u>May 2, 2000 and</u>	<u>Series 2003</u>	<u>Series 2008</u>	<u>Series 2010</u>	
	<u>November 7, 2000</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>December 31,</u>
	<u>Elections</u>				<u>2013</u>
Streets	\$ 6,000,000	\$ 1,000,000	\$ 2,761,387	\$ 1,583,900	\$ 654,713
Traffic and safety	2,000,000	-	22,638	-	1,977,362
Water	15,960,000	1,125,000	3,443,301	943,600	10,448,099
Sanitation	6,650,000	375,000	1,156,211	640,500	4,478,289
Parks and recreation	7,980,000	-	570,895	202,000	7,207,105
Television relay	1,000,000	-	41,793	-	958,207
Mosquito control	500,000	-	-	-	500,000
Operations and maintenance	5,500,000	-	503,775	-	4,996,225
Refunding	42,560,000	-	-	4,000,000	38,560,000
Intergovernmental agreements	42,560,000	-	-	-	42,560,000
	<u>\$ 130,710,000</u>	<u>\$ 2,500,000</u>	<u>\$ 8,500,000</u>	<u>\$ 7,370,000</u>	<u>\$ 112,340,000</u>

Pursuant to the District's amended Service Plan, the District is permitted to issue general obligation debt of up to \$9,900,000, with a 40 mill debt service levy limit, subject to adjustment for changes in the method of calculating the assessment of property for taxation purposes. Contractual general obligation debt represented by the Master Intergovernmental Agreement (IGA) between the District and District No. 1 shall not count against the bonded general obligation debt limitation.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - AGREEMENTS

District Facilities Construction and Service Agreement

The First Amended and Restated District Facilities Construction and Service 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. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - AGREEMENTS (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.

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 and all 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 dissolving 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 District's Capital and Service obligations for the year ended December 31, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Service obligation liability	\$ 650,713	\$ 250,961	\$ 40,280	\$ 861,394
Capital obligation liability	1,064,625	562,288	-	1,626,913
	<u>\$ 1,715,338</u>	<u>\$ 813,249</u>	<u>\$ 40,280</u>	<u>\$ 2,488,307</u>

Advance and Reimbursement and Facilities Acquisition Agreement

The Advance and Reimbursement and Facilities Acquisition Agreement 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% per annum on such sums advanced. In addition, the advance of funds by the Developer 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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - AGREEMENTS (CONTINUED)

debt instruments, including general obligation bonds, which the Districts may issue for the purpose of satisfying its obligations to 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 agreement 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.

Management Services Agreement

On September 11, 2010, the District and Buckhorn Valley Metropolitan District No. 1 entered into a Management Services Agreement with Colorado Land Management LLC (Manager). 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 IGA 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.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 - NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

The restricted component of net position consists of assets that are restricted for use either externally 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, 2013, the District had restricted net position as follows:

	Governmental Activities
Restricted net position:	
Debt service	\$ <u>300,000</u>
Total restricted net position	\$ <u><u>300,000</u></u>

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, 2013 is \$(18,572,630). In the current and previous years, the District transferred bond proceeds to District No. 1 for the construction of facilities benefiting both Districts pursuant to the District Facilities Construction and Service Agreement. The long-term debt which funded the construction of these facilities remains an obligation of the District.

NOTE 7 - RELATED PARTIES

The prior developer of the property which constitutes the District is Roark Partners, LLLP (Roark). During 2013, a minority of the members of the Board of Directors had a financial interest in Roark. Roark is the owner of the District's Series 2008 subordinate bonds.

During 2011, the property owned by BV Development was foreclosed and the current owner is CDDR Properties-OG, LLC, a Texas limited liability company, and a subsidiary of Texas Capital Bank N.A. One board member is the registered agent and consultant of Colorado Land Management LLC (see Note 5) and another board member is the owner of a company that has contracted to provide construction improvements to District No. 1.

NOTE 8 - LETTER OF CREDIT BOND

During 2010, the District and Buckhorn Valley Metropolitan District No. 1 established an irrevocable standby letter of credit in the original amount of \$602,687, which was issued to the Town of Gypsum to bond the completion of certain road improvements on Buckhorn Valley

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 - LETTER OF CREDIT BOND (CONTINUED)

Boulevard. The amount of the letter of credit was amended to \$115,611 on September 23, 2010. Security for the letter of credit is held by Buckhorn Valley Metropolitan District No. 1 in a business money certificate of deposit at Centennial Bank. Monies in this account were funded with project funds of the District's Series 2010 bond issue. The balance in the account held by Buckhorn Valley Metropolitan District No. 1 at December 31, 2013, was \$115,661.

NOTE 9 - 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 is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2013. 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 10 - 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.

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 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.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 transfers its net operating revenue to Buckhorn Valley Metropolitan District No. 1. Therefore, the Emergency Reserves related to the District's revenues are reported in Buckhorn Valley Metropolitan District No. 1.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL
Year Ended December 31, 2013

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 419,816	\$ 332,076	\$ (87,740)
Specific ownership taxes	23,610	19,420	(4,190)
Net investment income	500	444	(56)
Total revenues	<u>443,926</u>	<u>351,940</u>	<u>(91,986)</u>
EXPENDITURES			
Banking fees	280	138	142
County Treasurer fees	12,594	9,966	2,628
Interest - 2003 bonds	144,200	143,850	350
Interest - 2010 bonds	602,625	602,625	-
Principal - 2010 bonds	76,000	57,000	19,000
Paying agent/trustee fees	1,000	910	90
Contingency	268	-	268
Total expenditures	<u>836,967</u>	<u>814,489</u>	<u>22,478</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(393,041)</u>	<u>(462,549)</u>	<u>(69,508)</u>
NET CHANGE IN FUND BALANCE	(393,041)	(462,549)	(69,508)
FUND BALANCES - BEGINNING OF YEAR	<u>393,041</u>	<u>388,199</u>	<u>(4,842)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ (74,350)</u>	<u>\$ (74,350)</u>

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2013**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2009	\$ 11,715,460	42.728	\$ 500,578	\$ 490,649	98.02%
2010	\$ 18,864,630	55.063	\$ 1,038,743	\$ 999,139	96.19%
2011	\$ 18,873,350	55.063	\$ 1,039,223	\$ 1,078,661	103.79%
2012	\$ 8,615,480	55.063	\$ 474,395	\$ 448,020	94.44%
2013	\$ 8,088,720	58.389	\$ 472,292	\$ 373,585	(1) 79.10%

Estimated for
the year ending
December 31,
2014

\$ 5,262,640	55.063	\$ 289,777
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(1) During 2013, a property tax rebate of \$98,611 was paid to property owners within the District.

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2013

	\$2,500,000		\$7,370,000		Total All Bonds
	General Obligation Limited Tax Bonds Dated March 1, 2003 Interest Rate of 7.0% Interest Payable June 1 and December 1 Principal Due December 1		General Obligation Limited Tax Refunding and Improvement Bonds Dated May 24, 2010 Interest Rate of 7.25% - 8.50% Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Principal	Interest	
2014	\$ -	\$ 143,850	\$ 108,000	\$ 596,825	\$ 848,675
2015	-	143,850	90,000	590,663	824,513
2016	-	143,850	95,000	584,137	822,987
2017	-	143,850	105,000	577,250	826,100
2018	-	143,850	115,000	569,638	828,488
2019	-	143,850	110,000	561,300	815,150
2020	65,000	143,850	130,000	553,325	892,175
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>\$ 2,055,000</u>	<u>\$ 1,403,150</u>	<u>\$ 7,243,000</u>	<u>\$ 11,040,938</u>	<u>\$ 21,742,088</u>

NOTE:

On December 1, 2013, \$23,000 of principal due on the Series 2010 bonds was not paid and has been added to the principal due on December 1, 2014.

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.