

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2  
ANNUAL REPORT  
TO THE TOWN OF GYPSUM  
FOR THE YEAR ENDED DECEMBER 31, 2021**

I. ANNUAL REPORT REQUIREMENT

Pursuant to a resolution adopted by Town Council on September 27, 2022, the District is required to provide an annual report to the Town of Gypsum by October 1<sup>st</sup> of the following year beginning with the 2021 annual report. Such annual report shall include information concerning the following matters:

- 1) Boundary changes made.
- 2) Intergovernmental agreements entered into or terminated with other governmental entities.
- 3) Access information to obtain a copy of rules and regulations adopted by the board.
- 4) A summary of litigation involving public improvements owned by the Buckhorn Districts.
- 5) The status of the construction of public improvements by the Buckhorn Districts.
- 6) A list of facilities or improvements constructed by the Buckhorn Districts that were conveyed or dedicated to the Town.
- 7) The final assessed valuation of the Buckhorn Districts as of December 31 of the reporting year.
- 8) A copy of the current year's budget.
- 9) A copy of the audited financial statements.
- 10) Notice of any uncured defaults existing for more than ninety days under any debt instrument of the Buckhorn Districts; and
- 11) Any inability of the Buckhorn Districts to pay their obligations as they come due under any obligation which continues beyond a ninety-day period.

II. FOR THE YEAR ENDED DECEMBER 31, 2021 THE DISTRICT REPORTS THE FOLLOWING:

- 1) Boundary changes made.

[No boundary changes were made or proposed to/by the District in 2021.](#)

- 2) Intergovernmental agreements entered into or terminated with other governmental entities.

[No new Intergovernmental Agreements were entered into between the District and any other governmental agencies in 2021.](#)

[On October 14, 2021, the District's board voted unanimously to terminate the District Facilities Construction and Service Agreement \(DFCSA\) with Buckhorn Valley Metro District No 1 \(BHVMD1\) effective January 01, 2022. The District Board also noted the District has a credit with BHVMD1 of approximately \\$225,000 for overpayments to BHVMD1.](#)

- 3) Access information to obtain a copy of rules and regulations adopted by the board.

In July 2021, the District adopted a resolution updating the District's written policies regarding public requests to inspect the District's records pursuant to the Colorado Open Records Act. A copy of the resolution is attached at **Exhibit C**.

All current Board policies are publicly accessible from the document library on the District's website at [www.buckhornvalleymetro2.org](http://www.buckhornvalleymetro2.org).

- 4) A summary of litigation involving public improvements owned by the Buckhorn Districts.

The District was not involved in any litigation in 2021.

- 5) The status of the construction of public improvements by the Buckhorn Districts.

No public improvements were constructed by the District in 2021.

- 6) A list of facilities or improvements constructed by the Buckhorn Districts that were conveyed or dedicated to the Town.

No public improvements were constructed by the District in 2021.

Note: The District is not a party to any agreements between the Town and any developers of land located within the District.

- 7) The final assessed valuation of the Buckhorn Districts as of December 31 of the reporting year.

For 2022, the District's assessed valuation increased by approximately \$1,365,100 (or 10.9%) to \$13,851,090 from the prior year. Of that increase, \$740,220 is related to valuation increases due to new construction.

- 8) A copy of the current year's budget.

See **Exhibit A** attached to this report.

- 9) A copy of the audited financial statements.

See **Exhibit B** attached to this report.

- 10) Notice of any uncured defaults existing for more than ninety days under any debt instrument of the Buckhorn Districts.

N/A – The District has received no notice of default in 2021 from the Bond Trustee or the bondholders.

- 11) Any inability of the Buckhorn Districts to pay their obligations as they come due under any obligation which continues beyond a ninety-day period.

The District’s ratio of debt to total assessed property valuation is as follows:

|   |               |       |
|---|---------------|-------|
| Total outstanding debt as of 12/31/21                                       | \$ 21,919,617 | A     |
| Net taxable assessed valuation of all property within the District for 2022 | \$ 13,851,090 | B     |
| Ratio of Debt to Assessed Valuation   | 158.3%        | A / B |

### Series 2003 / 2008 / 2010 Bonds – Repayment Status

Each year since the District first issued debt in 2003, the District has failed to generate sufficient property tax revenue to meet the annual principal and interest payments due on all Bonds. Consequently, accrued, unpaid interest on all Bonds is approximately \$7.2 million as of December 31, 2021. The District’s total outstanding debt as of December 31, 2021 is projected to be approximately \$21.9 million – 32% of which is accrued, unpaid interest.

For collection year 2022, the District will levy the maximum required mill levy of 54.489 mills which will not be sufficient to cover the 2022 debt service payments. Net proceeds from the debt mill levy will cover approximately 54% of the accrued interest for 2022 causing the District’s overall debt burden to increase by approximately \$615,000. Failure to pay interest and principal is not an Event of Default so long as the District levies the maximum required mill levy.

The District estimates that assessed valuation of real property within the District would need to increase approximately 112% (“Minimum Assessed Valuation Requirement”) in 2022 to produce sufficient tax revenue to generate sufficient revenue to begin paying its debt obligations in full. Each year the District generates insufficient revenue to fund principal and interest payments on the Bonds, the Minimum Assessed Valuation Requirement will increase.

Approximately 50% of the planned 835 home lots within the District are developed. Considering (1) the Minimum Assessed Valuation Requirement is approximately 112%, (i.e. land valuation needs to more than double in value) and (2) approximately only 50% of the planned 835 home lots within the District are developed, the development of all land within the District appears to be insufficient to allow the District to generate sufficient revenue under the maximum debt mill levy to pay down the District’s debts.

**EXHIBIT A**  
**2022 BUDGET**

**CERTIFICATION OF BUDGET FOR**  
**BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2**

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Buckhorn Valley Metropolitan District No. 2, for the budget year ending December 31, 2022, as adopted on December 08, 2021.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Buckhorn Valley Metropolitan District No 2 in Eagle County, Colorado, this 8<sup>th</sup> day of December 2021.

DocuSigned by:

*Nick Viau*

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Nickolas Viau, President

# BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

GYPSUM  
EAGLE COUNTY, COLORADO



**2022 Budget**

**(Adopted on December 08, 2021)**



8354 Northfield Blvd  
Building G, Suite 3700  
Denver, Colorado 80238  
Telephone (720) 541-7725

### Accountant's Report

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

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 Project Fund for the year ending December 31, 2022 and the forecasted estimate of comparative information for the year ending December 31, 2021 were not subjected to an audit, review, or compilation engagement by me and, accordingly, I do not express an opinion, a conclusion, nor provide any assurance on them.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. 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.

A handwritten signature in black ink that reads "Charles Wolfersberger". The signature is written in a cursive style with a long, sweeping underline.

Charles Wolfersberger, CPA  
Henderson, CO  
December 04, 2021

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**SUMMARY**  
**FORECASTED 2022 BUDGET AS PROPOSED**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
For the Years Ended and Ending December 31,

|   | ACTUAL<br>2020  | ESTIMATED<br>2021 | ADOPTED<br>2022   |
|---|-----------------|-------------------|-------------------|
| <b>BEGINNING FUND BALANCE</b>                                       | \$ 5,117        | \$ 6,738          | \$ 6,100          |
| <b>REVENUES</b>   |                 |                   |                   |
| Property taxes  | 685,148         | 765,300           | 849,000           |
| Specific ownership taxes  | 34,023          | 43,200            | 42,400            |
| Water service fees  | -               | -                 | 370,300           |
| Storage lot rental fees   | -               | -                 | 20,000            |
| Interest income   | 322             | 262               | -                 |
| <b>Total Revenues</b>   | <b>719,493</b>  | <b>808,762</b>    | <b>1,281,700</b>  |
| <b>OTHER FINANCING SOURCES</b>                                      |                 |                   |                   |
| Transfers from Debt Fund  | 3,780           | 4,800             | -                 |
| Transfers in from Operating Fund                                    | -               | -                 | 179,300           |
| <b>Total Funds Available</b>  | <b>728,390</b>  | <b>820,300</b>    | <b>1,467,100</b>  |
| <b>EXPENDITURES</b>   |                 |                   |                   |
| General and administration  | 2,285           | 2,500             | 30,700            |
| Water services  | -               | -                 | 161,000           |
| Storage lot expenses  | -               | -                 | 20,000            |
| Legal / contingency costs   | -               | -                 | 68,300            |
| Debt service  |                 |                   |                   |
| a) Direct and indirect collection costs                             | 18,789          | 20,900            | 87,600            |
| b) Bond principal payments  | -               | -                 | -                 |
| c) Bond interest payments   | 622,925         | 703,500           | 705,200           |
| Capital project expenses  | -               | -                 | 30,000            |
| <b>Total Expenditures</b>   | <b>643,999</b>  | <b>726,900</b>    | <b>1,102,800</b>  |
| <b>OTHER FINANCING USES</b>   |                 |                   |                   |
| Transfer to Buckhorn Valley Metro District No 1                     | 73,873          | 82,500            | -                 |
| Transfers to Debt Fund  | 3,780           | 4,800             | -                 |
| Transfers out to Capital Project Fund                               | -               | -                 | 179,300           |
| <b>Total expenditures and transfers out requiring appropriation</b> | <b>721,652</b>  | <b>814,200</b>    | <b>1,282,100</b>  |
| <b>ENDING FUND BALANCE</b>  | <b>\$ 6,738</b> | <b>\$ 6,100</b>   | <b>\$ 185,000</b> |
| <b>EMERGENCY EXPENSE RESERVE</b>                                    | <b>\$ -</b>     | <b>\$ -</b>       | <b>\$ 8,400</b>   |
| <b>TOTAL DEBT RESERVES</b>  | <b>6,738</b>    | <b>6,100</b>      | <b>5,700</b>      |
| <b>TOTAL RESTRICTED FUNDS</b>                                       | <b>\$ 6,738</b> | <b>\$ 6,100</b>   | <b>\$ 14,100</b>  |

This financial information should be read only in connection with the summary of significant assumptions.

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

|  | ADOPTED<br>2020      | ADOPTED<br>2021      | ADOPTED<br>2022      |
|--|----------------------|----------------------|----------------------|
| <b>ASSESSED VALUATION – EAGLE COUNTY</b> |                      |                      |                      |
| Residential                              | \$ 9,962,610         | \$ 11,379,120        | \$ 12,257,990        |
| Vacant Land                              | 1,109,580            | 1,005,580            | 1,488,280            |
| State Assessed                           | 97,700               | 97,990               | 104,820              |
| Commercial                               | 10,060               | 3,300                | -                    |
| <b>Certified Assessed Value</b>          | <b>\$ 11,179,950</b> | <b>\$ 12,485,990</b> | <b>\$ 13,851,090</b> |
| <b>MILL LEVY</b>                         |                      |                      |                      |
| General Fund                             | 6.811                | 6.811                | 6.810                |
| Debt Service Fund                        | 54.490               | 54.488               | 54.489               |
| <b>Total Mill Levy</b>                   | <b>61.301</b>        | <b>61.299</b>        | <b>61.299</b>        |
| <b>PROPERTY TAXES</b>                    |                      |                      |                      |
| General Fund                             | \$ 76,100            | \$ 85,000            | \$ 94,300            |
| Debt Service Fund                        | 609,200              | 680,300              | 754,700              |
|  | <b>\$ 685,300</b>    | <b>\$ 765,300</b>    | <b>\$ 849,000</b>    |

This financial information should be read only in connection with the summary of significant assumptions.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND EXPENDITURE DETAILS**  
**FORECASTED 2022 BUDGET AS PROPOSED**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
For the Years Ended and Ending December 31,

|  | ACTUAL<br>2020 | ESTIMATED<br>2021 | ADOPTED<br>2022  |
|--|----------------|-------------------|------------------|
| <b>BEGINNING FUND BALANCE</b>  | \$ -           | \$ -              | \$ -             |
| <b>REVENUES</b>  |                |                   |                  |
| Property taxes   | 76,125         | 85,000            | 94,300           |
| Specific ownership taxes   | 3,780          | 4,800             | 4,700            |
| Water service fees   | -              | -                 | 370,300          |
| Storage lot rental fees  | -              | -                 | 20,000           |
| Interest income  | 33             | -                 | -                |
| <b>Total Revenues</b>  | <b>79,938</b>  | <b>89,800</b>     | <b>489,300</b>   |
| <b>Total Funds Available</b>   |                |                   |                  |
|  | 79,938         | 89,800            | 489,300          |
| <b>EXPENDITURES</b>  |                |                   |                  |
| General & administrative expenses  | 2,285          | 2,500             | 30,700           |
| Water services   | -              | -                 | 161,000          |
| Storage lot expenses   | -              | -                 | 20,000           |
| Legal / contingency costs  | -              | -                 | 68,300           |
| <b>Total Expenditures</b>  | <b>2,285</b>   | <b>2,500</b>      | <b>280,000</b>   |
| <b>OTHER FINANCING USES AND TRANSFERS OUT</b>                                  |                |                   |                  |
| Transfer to Buckhorn Valley Metro District No 1                                | 73,873         | 82,500            | -                |
| Transfers to debt fund   | 3,780          | 4,800             | -                |
| Transfers to capital project fund  | -              | -                 | 179,300          |
| <b>Total expenditures and financing (sources) uses requiring appropriation</b> | <b>79,938</b>  | <b>89,800</b>     | <b>459,300</b>   |
| <b>ENDING FUND BALANCE</b>   | <b>\$ -</b>    | <b>\$ -</b>       | <b>\$ 30,000</b> |
| <b>EMERGENCY EXPENSE RESERVE</b>   | <b>\$ -</b>    | <b>\$ -</b>       | <b>\$ 8,400</b>  |

This financial information should be read only in connection with the summary of significant assumptions.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND EXPENDITURE DETAILS**  
**FORECASTED 2022 BUDGET AS PROPOSED**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
For the Years Ended and Ending December 31,

|  | ACTUAL<br>2020  | ESTIMATED<br>2021 | ADOPTED<br>2022   |
|--|-----------------|-------------------|-------------------|
| <b>General &amp; Administrative Expenses</b>           |                 |                   |                   |
| District management fees                               | \$ -            | \$ -              | \$ 55,000         |
| Administrative costs                                   | -               | -                 | 2,000             |
| Collection fees – County Treasurer (3%)                | 2,285           | 2,500             | 2,900             |
| Audit fees   | -               | -                 | 7,000             |
| Insurance  | -               | -                 | 2,800             |
| Legal fees – general                                   | -               | -                 | 6,000             |
| Election services                                      | -               | -                 | 12,000            |
| Contingency  | -               | -                 | 5,400             |
| Indirect collection cost allocation to debt fund (67%) | -               | -                 | ( 62,400)         |
| <b>Total General &amp; Administrative Expenses</b>     | <b>\$ 2,285</b> | <b>\$ 2,500</b>   | <b>\$ 30,700</b>  |
| <b>Water Services</b>                                  |                 |                   |                   |
| Contractor maintenance services                        | \$ -            | \$ -              | \$ 85,000         |
| Utilities  | -               | -                 | 12,000            |
| Repairs and maintenance                                | -               | -                 | 50,000            |
| Water rights fees                                      | -               | -                 | 10,000            |
| Property insurance                                     | -               | -                 | 7,000             |
| Contingency  | -               | -                 | 7,000             |
| <b>Total Water Service Costs</b>                       | <b>\$ -</b>     | <b>\$ -</b>       | <b>\$ 161,000</b> |

This financial information should be read only in connection with the summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**DEBT SERVICE FUND**  
**FORECASTED 2022 BUDGET AS PROPOSED**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
For the Years Ended and Ending December 31,

|  | ACTUAL<br>2020  | ESTIMATED<br>2021 | ADOPTED<br>2022 |
|--|-----------------|-------------------|-----------------|
| <b>BEGINNING FUND BALANCE</b>  | \$ 5,117        | \$ 6,738          | \$ 6,100        |
| <b>REVENUES</b>  |                 |                   |                 |
| Property taxes   | 609,023         | 680,300           | 754,700         |
| Specific ownership taxes   | 30,243          | 38,400            | 37,700          |
| Interest income  | 289             | 262               | -               |
| <b>Total Revenues</b>  | 639,555         | 718,962           | 792,400         |
| <b>FUND TRANSFERS IN</b>   |                 |                   |                 |
| Transfers from the General Fund                                      | 3,780           | 4,800             | -               |
| <b>Total Funds Available</b>   | 648,452         | 730,500           | 798,500         |
| <b>EXPENDITURES</b>  |                 |                   |                 |
| Direct and indirect collection costs                                 | 18,789          | 20,900            | 87,600          |
| Bond principal – 2003 Series Bonds                                   | -               | -                 | -               |
| Bond principal – 2008 Series Bonds                                   | -               | -                 | -               |
| Bond principal – 2010 Series Bonds                                   | -               | -                 | -               |
| Bond interest – 2003 Series Bonds                                    | 145,825         | 182,350           | 176,300         |
| Bond interest – 2008 Series Bonds                                    | -               | -                 | -               |
| Bond interest – 2010 Series Bonds                                    | 477,100         | 521,150           | 528,900         |
| Contingency  | -               | -                 | -               |
| <b>Total Expenditures</b>  | 641,714         | 724,400           | 792,800         |
| <b>OTHER FINANCING USES AND TRANSFERS OUT</b>                        |                 |                   |                 |
| Fund transfers out   | -               | -                 | -               |
| <b>Total expenditures and financing uses requiring appropriation</b> | 641,714         | 724,400           | 792,800         |
| <b>ENDING FUND BALANCE</b>   | <b>\$ 6,738</b> | <b>\$ 6,100</b>   | <b>\$ 5,700</b> |
| BOND FUND  | \$ -            | \$ -              | \$ -            |
| RESERVE FUND   | 6,738           | 6,100             | 5,700           |
| SURPLUS FUND   | -               | -                 | -               |
| <b>TOTAL DEBT RESERVE</b>  | <b>\$ 6,738</b> | <b>\$ 6,100</b>   | <b>\$ 5,700</b> |

This financial information should be read only in connection with the summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**DEBT SERVICE FUND - DIRECT AND INDIRECT  
 COLLECTION COST DETAILS**  
**FORECASTED 2022 BUDGET AS PROPOSED  
 WITH 2020 ACTUAL AND 2021 ESTIMATED**  
 For the Years Ended and Ending December 31,

|   | ACTUAL<br>2020   | ESTIMATED<br>2021 | ADOPTED<br>2022  |
|---|------------------|-------------------|------------------|
| <b>Direct and Indirect Collection Costs</b>       |                  |                   |                  |
| Indirect collection cost allocation               | \$ -             | \$ -              | \$ 62,400        |
| Administrative costs                              | 10               | -                 | -                |
| Collection fees – County Treasurer                | 18,279           | 20,400            | 22,700           |
| Trustee fees                                      | 500              | 500               | 500              |
| Contingency                                       |                  | -                 | 2,000            |
| <b>Total Direct and Indirect Collection Costs</b> | <b>\$ 18,789</b> | <b>\$ 20,900</b>  | <b>\$ 87,600</b> |

This financial information should be read only in connection with the summary of significant assumptions.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**CAPITAL PROJECT FUND**  
**FORECASTED 2022 BUDGET AS PROPOSED**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
For the Years Ended and Ending December 31,

|   | ACTUAL<br>2020 | ESTIMATED<br>2021 | ADOPTED<br>2022   |
|---|----------------|-------------------|-------------------|
| <b>BEGINNING FUND BALANCES</b>                    | \$ -           | \$ -              | \$ -              |
| <b>REVENUES</b>                                   |                |                   |                   |
| Net investment income                             | -              | -                 | -                 |
| <b>Total Revenues</b>                             | -              | -                 | -                 |
| <b>OTHER FINANCING SOURCES</b>                    |                |                   |                   |
| Transfers in from operating fund                  | -              | -                 | 179,300           |
| <b>Total Funds Available</b>                      | -              | -                 | 179,300           |
| <b>EXPENDITURES</b>                               |                |                   |                   |
| Capital improvement expenditures                  | -              | -                 | 30,000            |
| <b>Total Expenditures</b>                         | -              | -                 | 30,000            |
| <b>Total expenditures requiring appropriation</b> |                | -                 | 30,000            |
| <b>ENDING FUND BALANCES</b>                       | <b>\$ -</b>    | <b>\$ -</b>       | <b>\$ 149,300</b> |

This financial information should be read only in connection with the summary of significant assumptions.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Buckhorn Valley Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 15, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a consolidated service plan (which also governs Buckhorn Valley Metropolitan District No. 1) approved by the Town of Gypsum (Town) on January 11, 2000 and amended and restated with Town approval on July 14, 2009. The District's service area is located in Eagle County, Colorado entirely within the boundaries of the Town and is comprised of approximately 368 acres of land zoned for residential development. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**Accounting Basis**

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.

On November 07, 2000, District voters authorized the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally,

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

The District's Service Plan establishes a Maximum Operating Mill levy the District is permitted to impose on taxable property within the District for funding the District's operations. The Maximum Operating Mill Levy is 5.375 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2000. As of January 11, 2000, the ratio was 9.74%. The ratio for 2022 is 7.15%, which caused the District's Maximum Operating Mill Levy for 2022 to be 7.322.

The District's Service Plan establishes a Maximum Debt Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 40 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2000. As of January 11, 2000, the ratio was 9.74%. The ratio for 2022 is 7.15%, which caused the District's Maximum Debt Mill Levy for debt service for 2022 to be 54.489.

For the collection year 2022, the District adopted a mill levy of 6.810 for operations and 54.489 for debt service. The calculation is reflected on page 2 of the budget. The District's 2022 adopted mill levy for general operations is expected to generate \$94,300 in property tax revenue, which is \$405,700 below the annual property tax assessment limit established by the voters to fund District operations.

#### **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. The 2022 budget projects the District's share of specific ownership taxes received from the State will be equal to approximately 5.0% of total property taxes collected.

The District allocates specific ownership tax revenue proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

#### **Water Service Fees**

Beginning January 1, 2022, the District will assume ownership and maintenance responsibilities of the public irrigation system designed to service the landscaping on and around (1) all 835 residential lots within the District, (2) approximately xx acres of parks and open spaces within the District and (3) the Holy Cross distribution station. The primary assets comprising the District's irrigation system are (1) two pump stations, (2) approximately 26,000 feet of JPO ditches and headgates, (3) approximately 20,000 feet of water main lines and (4) nine control valves. This infrastructure was installed in 2006 at a cost of approximately \$x million.

In addition to the water infrastructure, the District also owns water rights allowing the District to pull water from the Eagle River and McHatten Creek.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The District incurs certain fixed costs each year related to the public irrigation system regardless of the number of residential lots connected to the irrigation system. Such costs include (1) routine maintenance of the irrigation system, (2) unscheduled major repairs to the system not funded from the capital project fund, (3) contributions to the capital project fund for the purpose of funding long-term, planned replacements and upgrades to the public irrigation system, (4) legal costs to defend the District's water rights, (5) property insurance premiums and (6) utility, maintenance and other costs (including winterization of the system) related to providing irrigation water to the public parks and open spaces across the District. Variable costs incurred by the District directly related to providing irrigation services to residential lots connected to the irrigation system include (1) a portion of the utility costs related to running the pump stations and (2) scheduled and unscheduled repairs and maintenance of irrigation systems located on residential lots.

Pursuant to CRS 32-1-1001(1)(j) and (k), the District is authorized to impose and, from time to time, to increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by the District. The District has established a policy of proportionally allocating the fixed costs of maintaining the District's irrigation system among the 835 residential lots (both developed and undeveloped Lots) based on the average lot size of each subdivision within the District. For 2022, the District will assess monthly service fees on each of the 835 residential lots within the District to fund the fixed costs of maintaining the District's irrigation system as follows:

| <b>Subdivision</b>      | <b># of Lots Platted</b> | <b>Monthly fee per Lot</b> |
|-------------------------|--------------------------|----------------------------|
| Buckhorn Valley         | 597                      | \$ 50.99                   |
| Aspen Ridge             | 112                      | \$ 24.77                   |
| Mountain Gateway        | 48                       | \$ 21.25                   |
| Hawks Nest              | 54                       | \$ 21.25                   |
| Buckhorn Valley – Other | 24                       | \$ 21.25                   |

#### **Storage Lot Rental Fees**

The District owns certain land within the District totaling 2.4 acres and has converted this land into a recreational vehicle (RV) storage lot. The RV storage lot contains 35 separate storage spaces. For 2022, the rental rate for storage spaces is \$40/month per storage space and renters may enter into contracts to lock in the rental rate for up to 12 months.

#### **Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of less than 0.50%.

### **Expenditures**

#### **Administrative and Operating Expenditures**

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and board meeting expenses.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**County Treasurer's Fees**

Eagle County Treasurer's collection fees are fixed by Colorado statute at 3.0% of property taxes collected.

**Direct and Indirect Collection Costs**

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

For the 2022 year, the District will allocate indirect collection costs between its general fund (33% cost allocation) and its debt fund (67% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

**Agreements**

**District Facilities Construction and Service Agreement**

On March 3, 2003, the District entered into the First Amended and Restated District Facilities Construction and Service Agreement (DFCS Agreement) with Buckhorn Valley Metropolitan District No. 1 (BVMD1). Per the DFCS Agreement, the District agreed to fund public infrastructure constructed by BVMD1 and BVMD1 agreed to provide all management and accounting services for the District.

As of December 31, 2020, cumulative payments by the District to BVMD1 under the DFCS Agreement for management and accounting services exceeded BVMD1 service charges by \$211,964, and BVMD1 reported public infrastructure costs incurred by BVMD1 but not yet reimbursed by the District under the DFCS Agreement totaled \$3,889,366.

As of November 8, 2020, all unused debt authority granted to the District by its voters expired and, per Colorado constitutional and statutory restrictions, the District may not incur additional debt without first obtaining voter approval to incur additional debt.

**Debt and Leases**

**Series 2003 Bond**

On March 01, 2003, the District issued \$2,500,000 General Obligation Limited Tax Bonds, Series 2003 (the 2003 Bond). The 2003 Bond bears interest at 7.000% and is payable semi-annually on June 1 and December 1, beginning on June 1, 2003. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2020. The 2003 Bond matures on December 1, 2023.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The 2003 Bond is secured by and payable solely from Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Property Tax Revenues generated by the imposition of the Required Mill Levy;
- b) all Specific Ownership Taxes attributable to the Required Mill Levy;
- c) all amounts on deposit in the 2010 Reserve Fund;
- d) all amounts on deposit in the 2010 Surplus Fund; and
- e) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Bond Fund.

Amounts on deposit in the 2010 Reserve Fund and amounts on deposit in the 2010 Surplus Fund also secure payment of the 2003 Bond.

The District's debt service schedule for its Senior Bonds is provided on page 11.

**Series 2008 Subordinate Bond**

On February 13, 2008, the District issued a \$8,500,000 General Obligation Bond, Series 2008 (the 2008 Subordinate Bond) to Roark Partners LLLP ("Developer") to reimburse the Developer for amounts advanced by the Developer to Buckhorn Valley Metropolitan District No. 1. The 2008 Subordinate Bond accrues simple interest at the rate of 6.000% per annum and is payable annually on December 15, beginning December 15, 2008, from, and to the extent of, Subordinate Pledged Revenue available, if any, and matures on December 15, 2038. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

The 2008 Subordinate Bond is secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes generated by the imposition of the Subordinate Required Mill Levy;
- b) all Subordinate Specific Ownership Taxes attributable to the Subordinate Required Mill Levy; and
- c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

**Series 2010 Bonds**

On May 25, 2010, the District issued \$7,370,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2010 (the 2010 Bonds). The proceeds from the sale of the Senior Bonds were used as follows: (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.

The Senior Bonds were issued as two term bonds that bear interest at 7.250% and 8.500%, and are payable semi-annually on June 1 and December 1, beginning on December 1, 2010. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2012. The 2010 Bonds mature on December 1, 2039.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The 2010 Bonds are secured by and payable solely from Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Property Tax Revenues generated by the imposition of the Required Mill Levy;
- b) all Specific Ownership Taxes attributable to the Required Mill Levy;
- c) all amounts on deposit in the 2010 Reserve Fund;
- d) all amounts on deposit in the 2010 Surplus Fund; and
- e) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Bond Fund.

Amounts on deposit in the 2010 Reserve Fund and amounts on deposit in the 2010 Surplus Fund also secure payment of the 2010 Bonds.

**Leases**

The District has no operating or capital leases.

**Reserve Funds**

**Emergency Reserve**

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending, excluding spending appropriations for bonded debt service for 2022 as defined under TABOR.

**Series 2010 Bonds – Reserve Fund**

The 2010 Reserve Fund was established as additional security for the Series 2003 and 2010 Bonds and is used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The District is required to maintain this reserve at a balance of \$300,000. Any withdrawals from this fund will be repaid in the following year from any remaining Pledged Revenue net of annual payments due that year on the 2003 and 2010 Bonds.

The District estimates the 2010 Reserve Fund balance will be \$5,700 as of December 31, 2022.

**Series 2010 Bonds – Surplus Fund**

The 2010 Surplus Fund was established as additional security for the bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The 2010 Surplus Fund will be funded solely from any Pledged Revenue remaining after annual payments on the 2003 and 2010 Bonds are fully satisfied and the 2010 Reserve Fund is fully funded. In accordance with the 2010 Bond Indenture, the 2010 Surplus Fund will be funded up to the Maximum Surplus Amount of \$500,000. Any amount remaining in the 2010 Surplus Fund upon termination of such fund is pledged to the payment of the 2008 Bond.

The District anticipates the 2010 Surplus Fund will remain fully depleted in 2022.

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

The District’s repayment schedule for its general obligation bonds is as follows:

| Year Ended<br>Dec. 31, | General Obligation Bonds<br>Series 2003 |                    |                    | General Obligation Bonds<br>Series 2010 |                     |                     | General Obligation Bonds<br>Series 2008 |                     |                      | Total                |                     |                      |
|------------------------|---|--------------------|--------------------|---|---------------------|---------------------|---|---------------------|----------------------|----------------------|---------------------|----------------------|
|                        | Principal                               | Interest           | Total              | Principal                               | Interest            | Total               | Principal                               | Interest            | Total                | Principal            | Interest            | Total                |
| 2022                   | \$ 275,000                              | \$ 909,032         | \$ 1,184,032       | \$1,043,000                             | \$3,455,940         | \$4,498,940         | \$ -                                    | \$ 3,189,925        | \$ 3,189,925         | \$ 1,318,000         | \$ 7,554,897        | \$ 8,872,897         |
| 2023                   | 1,780,000                               | 124,600            | 1,904,600          | 160,000                                 | 522,875             | 682,875             | -                                       | 326,930             | 326,930              | 1,940,000            | 974,405             | 2,914,405            |
| 2024                   | -                                       | -                  | -                  | 170,000                                 | 511,275             | 681,275             | -                                       | 326,930             | 326,930              | 170,000              | 838,205             | 1,008,205            |
| 2025                   | -                                       | -                  | -                  | 170,000                                 | 498,950             | 668,950             | -                                       | 326,930             | 326,930              | 170,000              | 825,880             | 995,880              |
| 2026                   | -                                       | -                  | -                  | 185,000                                 | 484,500             | 669,500             | -                                       | 326,930             | 326,930              | 185,000              | 811,430             | 996,430              |
| 2027                   | -                                       | -                  | -                  | 200,000                                 | 468,775             | 668,775             | -                                       | 326,930             | 326,930              | 200,000              | 795,705             | 995,705              |
| 2028                   | -                                       | -                  | -                  | 215,000                                 | 451,775             | 666,775             | -                                       | 326,930             | 326,930              | 215,000              | 778,705             | 993,705              |
| 2029                   | -                                       | -                  | -                  | 235,000                                 | 433,500             | 668,500             | -                                       | 326,930             | 326,930              | 235,000              | 760,430             | 995,430              |
| 2030                   | -                                       | -                  | -                  | 315,000                                 | 413,525             | 728,525             | -                                       | 326,930             | 326,930              | 315,000              | 740,455             | 1,055,455            |
| 2031                   | -                                       | -                  | -                  | 350,000                                 | 386,750             | 736,750             | -                                       | 326,930             | 326,930              | 350,000              | 713,680             | 1,063,680            |
| 2032                   | -                                       | -                  | -                  | 380,000                                 | 357,000             | 737,000             | -                                       | 326,930             | 326,930              | 380,000              | 683,930             | 1,063,930            |
| 2033                   | -                                       | -                  | -                  | 425,000                                 | 324,700             | 749,700             | -                                       | 326,930             | 326,930              | 425,000              | 651,630             | 1,076,630            |
| 2034                   | -                                       | -                  | -                  | 460,000                                 | 288,575             | 748,575             | -                                       | 326,930             | 326,930              | 460,000              | 615,505             | 1,075,505            |
| 2035                   | -                                       | -                  | -                  | 500,000                                 | 249,475             | 749,475             | -                                       | 326,930             | 326,930              | 500,000              | 576,405             | 1,076,405            |
| 2036                   | -                                       | -                  | -                  | 535,000                                 | 206,975             | 741,975             | -                                       | 326,930             | 326,930              | 535,000              | 533,905             | 1,068,905            |
| 2037                   | -                                       | -                  | -                  | 585,000                                 | 161,500             | 746,500             | -                                       | 326,930             | 326,930              | 585,000              | 488,430             | 1,073,430            |
| 2038                   | -                                       | -                  | -                  | 630,000                                 | 111,775             | 741,775             | -                                       | 326,930             | 326,930              | 630,000              | 438,705             | 1,068,705            |
| 2039                   | -                                       | -                  | -                  | 685,000                                 | 58,225              | 743,225             | 5,488,836                               | 326,930             | 5,185,766            | 6,173,836            | 385,155             | 6,558,991            |
|                        | <b>\$2,055,000</b>                      | <b>\$1,033,632</b> | <b>\$3,088,632</b> | <b>\$7,243,000</b>                      | <b>\$ 9,386,090</b> | <b>\$16,629,090</b> | <b>\$5,448,836</b>                      | <b>\$ 8,747,735</b> | <b>\$ 14,196,571</b> | <b>\$ 14,746,836</b> | <b>\$19,167,457</b> | <b>\$ 33,914,293</b> |

**EXHIBIT B**  
**2021 ANNUAL FINANCIAL STATEMENTS (AUDITED)**



**TOWN OF GYPSUM**  
**EAGLE COUNTY, COLORADO**



**ANNUAL FINANCIAL STATEMENTS**

**December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Buckhorn Valley Metro District No 2

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Buckhorn Valley Metro District No 2 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Buckhorn Valley Metro District No 2's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Buckhorn Valley Metro District No 2 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Buckhorn Valley Metro District No 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Buckhorn Valley Metro District No 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Buckhorn Valley Metro District No 2's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Buckhorn Valley Metro District No 2's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buckhorn Valley Metro District No 2's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*BF Borgers CPA PC*

BF Borgers CPA PC

Lakewood, Colorado

October 19, 2022

**Buckhorn Valley Metropolitan District No 2**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>   |                                    |
| Cash and investments                                      | \$ 7,161                           |
| Cash and investments – restricted                         | 7,817                              |
| Accounts receivable - due from Buckhorn Valley Metro No 1 | 262,598                            |
| Property taxes receivable                                 | 849,000                            |
| Prepaid expenses  | -                                  |
| Land  | 14,400                             |
| <b>Total Assets</b>                                       | <b>1,140,976</b>                   |
| <b>LIABILITIES</b>  |                                    |
| Accounts payable and accrued liabilities                  | 7,817                              |
| Accrued interest payable                                  | 7,172,781                          |
| General obligation refunding bonds                        | 14,746,836                         |
| <b>Total Liabilities</b>                                  | <b>21,927,434</b>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                      |                                    |
| Property tax revenue                                      | 849,000                            |
| <b>NET POSITION (DEFICIT)</b>                             |                                    |
| Restricted:   |                                    |
| Emergency reserves  | 8,400                              |
| Debt service  | -                                  |
| Capital projects  | -                                  |
| Non-spendable   | -                                  |
| Unassigned:   | (21,643,858)                       |
| <b>Net Position (Deficit)</b>                             | <b>\$ (21,635,458)</b>             |

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

**Buckhorn Valley Metropolitan District No 2**  
**STATEMENT OF ACTIVITIES**  
**For the 12-Month Period Ended**  
**December 31, 2021**

| Functions/Programs   | Program Revenue       |                      |                                    | Net (Expense) Revenue and Changes in Net Position |                               |
|--|-----------------------|----------------------|------------------------------------|---|-------------------------------|
|  | Expenses              | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions                  | Governmental Activities       |
| <b>Primary Government:</b>   |                       |                      |                                    |   |                               |
| Government Activities:   |                       |                      |                                    |   |                               |
| General government activities  | \$ (47,712)           | \$ 16,286            | \$ -                               | \$ -  | \$ (31,426)                   |
| Interest and related costs on long-term debt                             | (1,369,941)           |                      | -                                  | -   | (1,369,941)                   |
| Capital project activities   | -                     | -                    | -                                  | -   | -                             |
|  | <u>\$ (1,417,653)</u> | <u>\$ 16,286</u>     | <u>\$ -</u>                        | <u>\$ -</u>                                       | <u>(1,401,367)</u>            |
| <b>General Revenues</b>  |                       |                      |                                    |   |                               |
| Property taxes   |                       |                      |                                    |   | 765,273                       |
| Specific ownership taxes   |                       |                      |                                    |   | 34,553                        |
| Net investment income  |                       |                      |                                    |   | 349                           |
| <b>Total general revenue</b>   |                       |                      |                                    |   | <u>800,175</u>                |
| Change in net position   |                       |                      |                                    |   | <u>(601,192)</u>              |
| <b>Net Position (Deficit) – Beginning of Year [As Adjusted - Note 6]</b> |                       |                      |                                    |   | <u>(21,034,266)</u>           |
| <b>Net Position (Deficit) – End of Year</b>                              |                       |                      |                                    |   | <u><u>\$ (21,635,458)</u></u> |

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

**Buckhorn Valley Metropolitan District No 2**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2021**

|   | General Fund      | Debt Service Fund | Capital Projects Fund | Total Government Funds |
|---|-------------------|-------------------|-----------------------|------------------------|
| <b>ASSETS</b>   |                   |                   |                       |                        |
| Cash and investments  | \$ 7,161          | \$ -              | -                     | \$ 7,161               |
| Cash and investments - Restricted   | -                 | 7,817             | -                     | 7,817                  |
| Accounts receivable – spec ownership taxes  | -                 | -                 | -                     | -                      |
| Property taxes receivable   | 94,300            | 754,700           | -                     | 849,000                |
| Receivable due from BV Metro 1  | 262,598           | -                 | -                     | 262,598                |
| Prepaid expenses  | -                 | -                 | -                     | -                      |
| <b>TOTAL ASSETS</b>   | <b>364,059</b>    | <b>762,517</b>    | <b>-</b>              | <b>1,126,576</b>       |
| <b>LIABILITIES</b>  |                   |                   |                       |                        |
| Accounts payable and accrued liabilities  | -                 | 7,817             | -                     | 7,817                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                   |                   |                       |                        |
| Property tax revenue  | 94,300            | 754,700           | -                     | 849,000                |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>  | <b>94,300</b>     | <b>762,517</b>    | <b>-</b>              | <b>856,817</b>         |
| <b>FUND BALANCES</b>  |                   |                   |                       |                        |
| Restricted:   |                   |                   |                       |                        |
| Emergencies (TABOR)   | 8,400             | -                 | -                     | 8,400                  |
| Debt service  | -                 | -                 | -                     | -                      |
| Non-spendable   | -                 | -                 | -                     | -                      |
| Unrestricted  | 261,359           | -                 | -                     | 261,359                |
| <b>Total Fund Balances</b>  | <b>269,759</b>    | <b>-</b>          | <b>-</b>              | <b>269,759</b>         |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>   | <b>\$ 364,059</b> | <b>\$ 762,517</b> | <b>-</b>              |                        |
| <b>Amounts reported for governmental activities in the statement of net position are different because:</b>   |                   |                   |                       |                        |
| Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds |                   |                   |                       |                        |
| Land  |                   |                   |                       | 14,400                 |
| 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)           |
| Accrued interest payable  |                   |                   |                       | (7,172,781)            |
| <b>Net position of governmental activities</b>  |                   |                   |                       | <b>\$ (21,635,458)</b> |

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

**Buckhorn Valley Metropolitan District No 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**12-Month Period Ended**  
**December 31, 2021**

|   | General Fund      | Debt Service Fund | Capital Projects Fund | Total Government Funds |
|---|-------------------|-------------------|-----------------------|------------------------|
| <b>REVENUES</b>                                       |                   |                   |                       |                        |
| Property taxes  | \$ 85,030         | \$ 680,243        | \$ -                  | \$ 765,273             |
| Specific ownership taxes                              | 3,839             | 30,714            | -                     | 34,553                 |
| Storage lot rental fees                               | 16,286            | -                 | -                     | 16,286                 |
| Net investment income                                 | 36                | 313               | -                     | 349                    |
| <b>Total Revenues</b>                                 | <b>105,191</b>    | <b>711,270</b>    | <b>-</b>              | <b>816,461</b>         |
| <b>EXPENDITURES</b>                                   |                   |                   |                       |                        |
| Direct and indirect collection costs                  | 2,551             | 27,583            | -                     | 30,134                 |
| Storage lot management fees                           | 10,000            | -                 | -                     | 10,000                 |
| Transfers to BVMD1 under the DFCSA                    | 35,161            | -                 | -                     | 35,161                 |
| Debt service  |                   |                   |                       |                        |
| Bond interest   | -                 | 703,355           | -                     | 703,355                |
| Bond principal  | -                 | -                 | -                     | -                      |
| <b>Total Expenditures</b>                             | <b>47,712</b>     | <b>730,938</b>    | <b>-</b>              | <b>778,650</b>         |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>57,479</b>     | <b>(19,668)</b>   | <b>-</b>              | <b>37,811</b>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                   |                   |                       |                        |
| Fund Transfers In / (Out)                             | (12,930)          | 12,930            | -                     | -                      |
| <b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES</b> | <b>44,549</b>     | <b>(6,738)</b>    | <b>-</b>              | <b>37,811</b>          |
| <b>FIND BALANCES – BEGINNING</b>                      | <b>225,210</b>    | <b>6,738</b>      | <b>-</b>              | <b>231,948</b>         |
| <b>FUND BALANCES – END OF YEAR</b>                    | <b>\$ 269,759</b> | <b>\$ -</b>       | <b>\$ -</b>           | <b>\$ 269,759</b>      |

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

**Buckhorn Valley Metropolitan District No 2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**12-Month Period Ended**  
**December 31, 2021**

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

|  |    |        |
|--|----|--------|
| Net change in fund balances – Total government funds | \$ | 37,811 |
|--|----|--------|

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

|                            |  |   |
|----------------------------|--|---|
| Principal payment on bonds |  | - |
|----------------------------|--|---|

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

|   |  |           |
|---|--|-----------|
| Increase in accrued bond interest payable |  | (639,003) |
|---|--|-----------|

|   |           |                  |
|---|-----------|------------------|
| <b>Changes in net position of governmental activities</b> | <b>\$</b> | <b>(601,192)</b> |
|---|-----------|------------------|

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

**Buckhorn Valley Metropolitan District No 2**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|  | Original Budget | Actual Amounts    | Positive / (Negative)<br>Variance with Original<br>Budget |
|--|-----------------|-------------------|---|
| <b>REVENUES</b>  |                 |                   |   |
| Property taxes   | \$ 85,042       | \$ 85,030         | \$ (12)   |
| Specific ownership taxes                                   | -               | 3,839             | 3,839   |
| Net investment income                                      | 30              | 36                | 6   |
| Storage lot rental fees                                    | -               | 16,286            | 16,286  |
| <b>Total Revenues</b>                                      | <b>85,072</b>   | <b>105,191</b>    | <b>3,833</b>  |
| <b>EXPENDITURES</b>  |                 |                   |   |
| County Treasurer collection fees                           | 2,551           | 2,551             | -   |
| Miscellaneous costs  | 1,000           | -                 | 1,000   |
| Storage lot management fees                                | -               | 10,000            | (10,000)  |
| Transfers to Buckhorn Valley Metro District No 1           | 81,521          | 35,161            | 46,360  |
| <b>Total Expenditures</b>                                  | <b>85,072</b>   | <b>47,712</b>     | <b>37,360</b>   |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>        | <b>-</b>        | <b>57,479</b>     | <b>57,479</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                 |                   |   |
| Transfers in (out)   | -               | (12,930)          | (12,930)  |
| <b>Total Other Financing Sources (Uses)</b>                | <b>-</b>        | <b>(12,930)</b>   | <b>(12,930)</b>   |
| <b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b> | <b>-</b>        | <b>44,549</b>     | <b>44,549</b>   |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>                    | <b>-</b>        | <b>225,210</b>    | <b>225,210</b>  |
| <b>FUND BALANCE – END OF YEAR</b>                          | <b>\$ -</b>     | <b>\$ 269,759</b> | <b>\$ 269,759</b>   |

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2021

**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 on May 15, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a consolidated service plan (which also governs Buckhorn Valley Metropolitan District No. 1) approved by the Town of Gypsum (Town) on January 11, 2000 and amended and restated with Town approval on June 28, 2005 and July 14, 2009. The District's service area is located in Eagle County, Colorado entirely within the boundaries of the Town and is comprised of approximately 368 acres of land zoned for residential development. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly

benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

### **Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. On November 19, 2020, the Board adopted the District's 2021 budget.

### **Pooled Cash and Investments**

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

Investments are carried at 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 deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

## **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2021, the District's share of Specific ownership taxes was equal to approximately 5.5% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Deferred Outflows of Resources and Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2021 are comprised of property taxes due from Eagle County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

## **Equity**

### **Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

## Fund Balance

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

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- **Committed fund balance** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- **Assigned fund balance** – The portion of a fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- **Unassigned fund balance** – The residual portion of a fund balance that does not meet any of the criteria described above.

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

## NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

|                                     |                  |
|-------------------------------------|------------------|
| Statement of net position:          |                  |
| Cash and investments – unrestricted | 14,978           |
| Cash and investments – restricted   | -                |
| <b>Total cash and investments</b>   | <b>\$ 14,978</b> |

Cash and investments as of December 31, 2021 consist of the following:

|                                      |                  |
|--------------------------------------|------------------|
| Deposits with financial institutions | \$ -             |
| Investments                          | 14,978           |
| <b>Total cash and investments</b>    | <b>\$ 14,978</b> |

## 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.

## Investments

The District has not adopted a formal investment policy. However, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

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

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

As of December 31, 2021, the District's investments were comprised of the following:

| <b>Investment</b>                         | <b>Maturity</b>                   | <b>Amortized Cost</b> |
|---|-----------------------------------|-----------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted Average<br>Under 60 Days | \$ 14,978             |

## CSAFE

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

## NOTE 4 – PUBLIC LAND / FACILITIES

The District owns 17 open space land tracts comprising approximately 14.4 acres within the District.

BVMD1 owns 6 land tracts within the District comprising approximately 67.7 acres of land and operates the following public infrastructure located within and without the District: (1) storm water detention ponds, (2) entryway monumentation and (3) the non-potable water system that irrigates the landscaping in the parks, open spaces and home lots. The non-potable irrigation system includes (1) two pump stations, (2) approximately 1.9 miles of surface water ditches, (3) approximately 6 miles of transport pipelines, (4) a 5.5 acre reservoir, (5) underground water main lines, (6) sprinkler systems and (7) an irrigation zone controller system. BVMD1 also owns water rights to draw water from Eagle River, Abram's Creek and Hernage Creek to supply the non-potable water irrigation system.

A significant portion of the public infrastructure and water rights owned by BVMD1 was funded from the proceeds of debt issued by the District, fees paid by District property owners directly to BVMD1 and property tax revenue contributions from the District.

## NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2021:

|                               | Balance at<br>Dec. 31, 2020 | Additions          | Retirements         | Balance at<br>Dec. 31, 2021 | Due within<br>one year |
|-------------------------------|-----------------------------|--------------------|---------------------|-----------------------------|------------------------|
| General obligation bonds:     |                             |                    |                     |                             |                        |
| Series 2003 Bonds             | \$ 2,055,000                | \$ -               | \$ -                | \$ 2,055,000                | \$ 275,000             |
| Series 2008 Subordinate Bonds | 5,448,836                   | -                  | -                   | 5,448,836                   | -                      |
| Series 2010 Bonds             | 7,243,000                   | -                  | -                   | 7,243,000                   | 1,043,000              |
| Accrued Interest:             |                             |                    |                     |                             |                        |
| Series 2003 Bonds             | 724,385                     | 194,557            | ( 182,314)          | 736,628                     | 736,628                |
| Series 2008 Subordinate Bonds | 3,191,677                   | 326,930            | -                   | 3,518,607                   | -                      |
| Series 2010 Bonds             | 2,617,716                   | 820,871            | ( 521,041)          | 2,917,546                   | 2,917,546              |
| <b>Total</b>                  | <b>\$ 21,280,614</b>        | <b>\$1,342,358</b> | <b>(\$ 703,355)</b> | <b>\$ 21,919,617</b>        | <b>\$ 4,972,174</b>    |

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

### Series 2003 Limited Tax General Obligation Bonds (Series 2003 Bonds)

On March 1, 2003, the District issued Limited Tax General Obligation Bonds, Series 2003 in the amount of \$2,500,000 with a stated interest rate of 7.00% and a maturity date of December 1, 2023. Interest payments on the Series 2003 Bonds are due and payable semi-annually on June 1 and December 1, beginning on June 1, 2003. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2012.

The proceeds from the sale of the Series 2003 Bonds were used as follows:

|   |           |                  |
|---|-----------|------------------|
| Bond proceeds   | \$        | 2,500,000        |
| Less:   |           |                  |
| Funds restricted for paying capitalized interest  | (         | 469,716)         |
| Legal, accounting and other costs of issuance   | (         | 118,000)         |
| <b>Net bond proceeds available for funding costs of public improvements within and without the District</b> | <b>\$</b> | <b>1,912,284</b> |

Amounts on deposit in the 2003 Reserve Fund secures payment of the Series 2003 Bonds. After payment of any amounts due on the Series 2003 Bonds, any remaining Senior Pledged Revenue (defined below), if any, is to be used to (1) fund the 2003 Reserve Fund up to the Reserve Requirement of \$250,000. Any Senior Pledged Revenue remaining after fully funding the 2003 Reserve Fund ("Excess Senior Pledged Revenue") is to be applied towards the repayment of the Subordinate Bonds. As of December 31, 2021, the cash balance held in the 2003 Reserve Fund was \$0.

### Series 2010 Limited Tax Refunding and Improvement Bonds (Series 2010 Bonds)

On May 25, 2010, the District issued Limited Tax Refunding and Improvement Bonds, Series 2010 in the amount of \$7,370,000. The Series 2010 Bonds is comprised of two term bonds. One term bond was issued for \$1,500,000 at an annual interest rate of 7.25% and is due December 1, 2024. The second term bond was issued for \$5,870,000 at an annual interest rate of 8.50% and is due December 1, 2039. Interest payments on the Series 2010 Bonds are due and payable semi-annually on June 1 and December 1, beginning on June 1, 2003. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2012.

The proceeds from the sale of the Series 2010 Bonds were used as follows:

|   |           |                  |
|---|-----------|------------------|
| Bond proceeds   | \$        | 7,370,000        |
| Less:   |           |                  |
| Partial refunding of the 2008 Subordinate bonds   | (         | 4,000,000)       |
| Deposit to the 2010 Reserve Fund  | (         | 300,000)         |
| Legal, accounting and other costs of issuance   | (         | 332,660)         |
| <b>Net bond proceeds available for funding costs of public improvements within and without the District</b> | <b>\$</b> | <b>2,737,340</b> |

Amounts on deposit in the Series 2010 Reserve Fund and 2010 Surplus Fund secures payment of the Series 2010 Bonds. After payment of any amounts due on the Series 2003 Bonds, any remaining Senior Pledged Revenue (defined below), if any, is to be used to fund (1) the 2010 Surplus Fund up to the Maximum Surplus Amount of \$500,000 and then (2) the 2010 Reserve Fund up to the 2010 Reserve Requirement of \$300,000. Any Senior Pledged Revenue remaining after fully funding the 2010 Reserve Fund and 2010 Surplus Fund ("Excess Senior Pledged Revenue") is to

be applied towards the repayment of the Subordinate Bonds. As of December 31, 2021, the cash balance held in the 2010 Reserve Fund and 2010 Surplus Fund was \$0 and \$0, respectively.

### Repayment Terms - Series 2003 Bonds and Series 2010 Bonds

The Series 2010 Bonds were issued on a parity basis to the District’s Series 2003 Bonds.

The Series 2003 Bonds and the Series 2010 Bonds (Senior Bonds) are secured by and payable solely from “Senior Pledged Revenue”, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy); and
- c) any other legally available amounts that the District may designate towards payment of the Senior Bonds.

Per the Limited Offering Memorandums for the Senior Bonds, the “Senior Required Mill Levy” is defined as a mill levy – subject to the limitations of a Maximum Debt Mill Levy and Minimum Debt Mill Levy – that is permitted to be imposed on all taxable property within the District that produces sufficient revenue to pay the principal and interest due on the Series 2003 Bonds and ensures the 2003 Reserve Fund, 2010 Reserve Fund and the 2010 Surplus Fund are fully funded. The Maximum Debt Mill Levy is 40 mills and the Minimum Debt Mill Levy is 35 mills - as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 11, 2000 – at which time, the ratio was 9.74%. The ratio for the 2021 collection year was 7.15%, which causes the District’s Maximum Debt Mill Levy and Minimum Debt Mill Levy for 2021 to be 54.489 and 47.678, respectively.

If Senior Pledged Revenue is insufficient in any year to fund the principal and interest payments due on the Senior Bonds, the Senior Pledged Revenue is allocated between the Series 2003 and Series 2010 bonds

The Senior Bonds are subject to redemption prior to maturity, at the option of the District without any redemption premium. The District’s detail debt service schedule for its Senior Bonds is provided on page 29.

### Series 2008 Subordinate Limited Tax General Obligation Bonds (Subordinate Bonds)

On February 13, 2008, the District issued Subordinate Limited Tax General Obligation Bonds, Series 2008 in the amount of \$8,500,000. The stated interest rate on the Subordinate Bonds is 6.00% (simple interest) per annum, and the Bonds are payable annually on December 15, beginning December 15, 2008, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 1, 2038. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

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

|   |                     |
|---|---------------------|
| Bond proceeds   | \$ 8,500,000        |
| Less:   |                     |
| Underwriter’s discount  | ( 199,980)          |
| <b>Net bond proceeds available for funding costs of public improvements within and without the District</b> | <b>\$ 6,466,020</b> |

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

- a) all Subordinate Property Taxes (generated by the imposition of the Required Subordinate Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Required Subordinate Mill Levy);
- c) any Excess Senior Pledged Revenue; and
- d) any other legally available amounts that the District may designate towards payment of the Subordinate Bonds.

The Required Subordinate Mill Levy is defined as a mill levy that is permitted to be imposed on all taxable property within the District that produces sufficient revenue to pay the principal and interest due on the Series 2008 Subordinate Bonds. The Required Subordinate Mill Levy is 35 mills - as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 11, 2000 – at which time, the ratio was 9.74%. The ratio for the 2021 collection year was 7.15%, which causes the District’s Required Subordinate Mill Levy for 2021 to be 47.678. As long as the Senior Bonds remain outstanding and the Senior Required Mill Levy is equal to or greater than the Required Subordinate Mill Levy, no revenue will be generated from the Required Subordinate Mill Levy. If and when the Senior Required Mill Levy is less than the Required Subordinate Mill Levy, revenue generated from the Required Subordinate Mill Levy will be equal to total revenue generated from the District’s overall debt mill levy less revenue generated from that portion of the debt mill levy that is comprised of the Senior Required Mill Levy.

After providing 30 days’ notice to the bondholders, the District may redeem in part or in total the Subordinate Bonds prior to maturity without penalty or payment a redemption premium to the bondholders.

### Debt Authorization – TABOR

On May 2, 2000 and again on November 7, 2000, the District’s six electors (all of whom were employees/owners or spouses of employees/owners of and qualified to vote by the company owning all land within the District at that time) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum in amounts not totaling more than \$40.1 million to fund infrastructure improvements, \$42.5 million to fund intergovernmental agreements, \$5.5 million to fund the District’s operations and maintenance costs and \$42.6 million to refund any outstanding debt.

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

|                      | Voter Authorization Per May & Nov 2000 Election | Authorization Used |                               |                    | Voter Authorization Expired | Authorization Remaining at Dec. 31, 2021 |
|----------------------|---|--------------------|-------------------------------|--------------------|-----------------------------|--|
|                      |   | Series 2007 Bonds  | Series 2008 Subordinate Bonds | Series 2010 Bonds  |                             |  |
| Water                | \$ 15,960,000                                   | \$1,125,000        | \$3,443,301                   | 943,600            | \$10,448,099                | \$ -                                     |
| Parks and recreation | 7,980,000                                       | -                  | 570,895                       | 202,000            | 7,207,105                   | -  |
| Sanitation           | 6,650,000                                       | 375,000            | 1,156,211                     | 640,500            | 4,478,289                   | -  |
| 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                   | -  |
| Television relay     | 1,000,000                                       | -                  | 41,793                        | -                  | 958,207                     | -  |
| Mosquito control     | 500,000   | -                  | -                             | -                  | 500,000                     | -  |
| Operations           | 5,500,000                                       | -                  | 503,775                       | -                  | 4,996,225                   | -  |
| Intergov. agreements | 42,560,000                                      | -                  | -                             | -                  | 42,560,000                  | -  |
| <b>Subtotal</b>      | <b>88,150,000</b>                               | <b>2,500,000</b>   | <b>8,500,000</b>              | <b>3,370,000</b>   | <b>73,780,000</b>           | <b>-</b>                                 |
| Refunding of debt    | 42,560,000                                      | -                  | -                             | 4,000,000          | 38,560,000                  | -  |
| <b>Total</b>         | <b>\$130,710,000</b>                            | <b>\$2,500,000</b> | <b>\$8,500,000</b>            | <b>\$7,370,000</b> | <b>\$112,340,000</b>        | <b>\$ -</b>                              |

Per C.R.S 32-1-1101(2), any remaining, unused debt issuance authorization obtained from the District’s electors expires 20 years after the original debt authorization election.

### Debt Authorization – Service Plan

The District’s Service Plan authorizes the District to issue up to \$26 million in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Maximum Debt Mill Levy is 40 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000 – at which time, the ratio was 9.74%. The ratio for the 2021 collection year was 7.15%, which causes the District’s Maximum Debt Mill Levy for debt service for 2021 to be 54.489.

As of December 31, 2021, total remaining debt issuance authorization under the District’s 2009 Amended Service Plan is as follows:

|   |                     |
|---|---------------------|
| Authorized maximum debt issuance per Service Plan | \$ 26,000,000       |
| Less:   |                     |
| Series 2007 G.O. Bonds                            | ( 2,500,000)        |
| Series 2008 Subordinate G.O. Bonds                | ( 8,500,000)        |
| Series 2010 G.O. Bonds                            | ( 7,370,000)        |
| <b>Unused, authorized debt issuance</b>           | <b>\$ 7,630,000</b> |

Regardless of any remaining unused, authorized debt allowed under the District’s service plan, Article X Section 20 of the Colorado Constitution (“Taxpayer’s Bill of Rights” or TABOR) requires the eligible electors of the District vote to approve authorizing the District to issue additional debt.

### NOTE 6 – NET POSITION (DEFICIT)

#### Correction of Error

In 2020 and prior years, the District incorrectly recognized as a liability amounts claimed by BVMD1 under the March 3, 2003 DFCSA. (See Note 7 for details regarding the DFCSA.) When issuing the Series 2003, 2008 and 2010 bonds, the District represented to investors that amounts accrued and claimed by BVMD1 under the DFCSA was not general obligation debt of the District and was not considered a multiple year fiscal obligation of the District requiring voter approval per Colorado TABOR laws. Each time such bonds were issued, the directors serving on the District’s board also served on the BVMD1 board and all directors reported conflicts of interest regarding their service on the District’s board.

The District failed to report in prior year financial statements approximately 14.4 acres of land acquired by the District in 2008 and 2009 and used for parks and open spaces. The District has assigned a nominal value of \$14,400 (i.e. \$1,000 per acre) to the land owned by the District.

In prior years, the District disclosed but failed to recognize as an asset amounts transferred to BVMD1 under the DFCSA but not yet spent by BVMD1 to fund (1) the operations of the District and (2) water irrigation services to the property owners within the District. As of December 31, 2020, the service credit on deposit with BVMD1 was \$225,210.

Other adjustments affecting the District's net deficit balance as of the beginning of the year include (1) recalculation of accrued unpaid interest on the District's outstanding bonds resulting in a reduction in such accrued liabilities and (2) elimination of a payable amount due to BVMD1.

The District's beginning net position (deficit) has been restated to reflect these adjustments to the District's December 31, 2020 Statement of Net Position. The effect of these adjustments on the District's reported net deficit as of December 31, 2020 is as follows:

|  |                               |
|--|-------------------------------|
| Net deficit - December 31, 2020, as originally stated  | (\$ 24,952,696)               |
| Recognition of 14.4 acres of land owned by the District  | 14,400                        |
| Eliminating liability recognition of amounts related to claims reported by BVMD1 under the DFCSA | 3,677,402                     |
| Service credit on deposit with BVMD1   | 225,210                       |
| Other adjustments  | 1,418                         |
| <b>Net deficit - December 31, 2020, as restated</b>  | <b><u>(\$ 21,034,266)</u></b> |

### Restricted Net Position

The District's restricted net position as of December 31, 2021 in the general fund, debt service fund and capital project fund totaled \$8,400, \$0 and \$0, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 10 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the District's debt.

### Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2021 in the general fund, debt service fund and capital project fund totaled \$0, \$0 and \$0, respectively.

### Unassigned Net Position

The District's unassigned net position as of December 31, 2021 totaled (\$21,643,858). This deficit amount was a result of the District being responsible for the repayment of bonds issued to fund public improvements conveyed to the Town of Gypsum, BVMD1 and other entities.

## NOTE 7 – CONTRACTUAL AGREEMENTS

### District Facilities Construction and Service Agreement (DFCSA)

On March 3, 2003, the District entered into The First Amended and Restated District Facilities Construction and Service Agreement with BVMD1. At the time the DFCSA was executed, the directors on both the District's board and the directors on BVMD1's board were the same individuals and all individuals reported conflicts of interest due to their employee/owner/spouse relationship with the company that owned all land within the District's boundaries. The DFCSA contains clauses that state the obligations imposed upon the District are "absolute, irrevocable and unconditional" and the District agrees to "...not assert any rights of setoff, counterclaim, estoppel, or other defenses to its payment obligations..." under the DFCSA. The DFCSA can be terminated by the District upon providing BVMD1 one year's advance notice and upon the District paying BVMD1 in full all accrued Service Costs and Capital Service Costs claimed to have been incurred by BVMD1. Otherwise, the DFCSA cannot be terminated without the District obtaining the consent of BVMD1. The directors on BVMD1 are not subject to election or recall by the taxpayers of the District, who constitute the sole source of funding for the DFCSA.

Other terms of the DFCSA include the following:

- Per section 6.2.g, the District agrees to not attempt to provide any public services or facilities to the residents of the District until it first allows BVMD1 the opportunity to provide such services and public facilities to such individuals (all of whom reside outside of BVMD1's boundaries);
- Per section 6.2.g, the District agrees to not exercise any revenue raising powers generally granted to all metro districts under Colorado statutes (CRS 32-1-1001(j)) without first obtaining the consent of BVMD1;
- Per section 6.2.h, the District agrees to allow BVMD1 to change service fees charged by BVMD1 to District residents without obtaining consent from the District;
- Per section 5.7d, the District relinquishes its taxation powers over all property within the District's boundaries to BVMD1 – which is controlled by a board of directors, none of whom are subject to election or recall by those who reside within or otherwise pay taxes to the District.
- Per section 3.8, the District agrees to pay all BVMD1 claims accrued under the DFCSA even if any court declares the DFCSA invalid due to failures by the BVMD1 board to disclose conflicts of interest in compliance with applicable Colorado disclosure laws.

Per the terms of the DFCSA, the District has agreed to levy a Maximum Mill Levy (defined below) annually on all property within the District and remit the proceeds from the Maximum Mill Levy plus any other funds collected by the District to BVMD1. Amounts remitted by the District to BVMD1 are to be maintained and tracked by BVMD1 in two separate accounts – a Service Account and a Construction Account. BVMD1 has the sole authority to withdraw cash from the Service Account and Capital Fund Account to fund Service Costs and Capital Costs, respectively.

Services to be provided by BVMD1 to the District (i.e. Service Costs incurred by BVMD1) include the following: (1) maintenance and storage of District records, (2) administrative support services, (3) accounting and financial statement preparation services, (4) board election services, (5) prepare the District's annual budget, (6) contract and bid management services and (7) cash management services.

Capital Costs incurred by BVMD1 related to the construction of public facilities within the District will be charged to the Construction account, which is owned by the District but managed by BVMD1 and funded from the net proceeds of the District's Maximum Mill Levy. Capital Costs are defined as the cost to construct public facilities identified in the District's service plan and such costs include "...design, engineering, construction, expansion, acquisition, maintenance, repair and replacement of public facilities and all appurtenances thereto necessary or convenient to the completion, use and operation of the Facilities."

The DFCSA defines the Maximum Mill Levy is defined as 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since March 2003 – at which time, the ratio was 7.96%. The ratio for the 2021 collection year was 7.15%, which causes the District's Maximum Debt Mill Levy applicable to the DFCSA for 2021 to be 55.664. Per section 3.2c of the DFCSA, revenue to be transferred to BVMD1 from the Maximum Mill Levy is net of principal and interest payments due on any bonds issued by the District.

For the three-year period ended December 31, 2021, amounts to be transferred from the District to BVMD1 and actual amounts transferred from the District to BVMD1 is as follows:

|  | 2019               | 2020               | 2021               | Total               |
|--|--------------------|--------------------|--------------------|---------------------|
| Revenue generated from Maximum Mill Levy                 | \$ 536,038         | \$ 622,320         | \$ 695,020         | \$ 1,853,378        |
| Specific ownership tax revenue                           | 28,944             | 30,903             | 31,381             | 91,228              |
| County Treasurer collection fees (3% of PropTax)         | ( 16,081)          | ( 18,670)          | ( 20,850)          | ( 55,601)           |
| Interest payments on Series 2003 and 2010 Bonds          | ( 536,400)         | ( 622,925)         | ( 703,355)         | ( 1,862,680)        |
| <b>Maximum DFCSA funding amount to transfer to BVMD1</b> | <b>\$ 12,501</b>   | <b>\$ 11,628</b>   | <b>\$ 2,196</b>    | <b>\$ 26,325</b>    |
| Actual transfers to BVMD1 under the DFCSA                | 63,218             | 73,873             | 63,498             | 200,589             |
| <b>Overpayments to BVMD1 under the DFCSA</b>             | <b>(\$ 50,717)</b> | <b>(\$ 62,245)</b> | <b>(\$ 61,302)</b> | <b>(\$ 174,264)</b> |

Per the DFCSA, amounts due from the District to BVMD1 each year under the DFCSA are considered contractual general obligation debt of the District and not considered general obligation debt subject to the borrowing limitations provided in the District's service plan.

The following is an analysis of the changes in the District's Service Account and Construction Account for the 12-month period ended December 31, 2021:

|                                     | Service Account   | Construction Account [A] |
|-------------------------------------|-------------------|--------------------------|
| Balance at December 31, 2020        | \$ 225,210        | (\$ 3,902,612)           |
| Cash deposits                       | 72,549            | -                        |
| Net Service Costs incurred by BVMD1 | ( 35,161)         |                          |
| Capital Costs incurred by BVMD1     |                   | ( 283,431)               |
| <b>Balance at December 31, 2021</b> | <b>\$ 262,598</b> | <b>\$ 4,186,043</b>      |

**Note A** – \$4,020,129 or 96% of the balance in the Construction Account is comprised of accrued, unpaid interest on a July 22, 2000 loan between BVMD1 and Roark Partners, LLLP (which one of the owners was David Garton, a board member serving on both the District's board and the BVMD board). Interest accrues on this loan at an annual compounding rate of 7%. Per BVMD1, the principal balance due on the loan payable to Roark Partners, LLLP was repaid in full in February 2008 using the proceeds from of the District's 2008 bonds (which are owned by David Garton). In August 2008, accrued, unpaid interest on this loan totaling \$2,455,446 was assigned by Roark Partners, LLLP to Buckhorn Valley Development, LLC (BV Development), a company owned by an individual who served as a director on both (1) the District's board from November 2008 through June 2021 and (1) the BVMD1 board since November 2008.

### Advance and Reimbursement and Facilities Acquisition Agreement

On January 13, 2009, the District entered into an Advance and Reimbursement and Facilities Acquisition Agreement (ARFAA) with BVMD1 and BV Development. Per the ARFAA, BV Development agreed to advance cash to fund the organization of the Districts and to fund the maintenance and operating costs on BVMD1 and the District. Both BVMD1 and the District agreed to reimburse BV Development for such cash advances plus interest at a compounding rate of 8% per annum on such advances.

ALL BV Development claims accrued under the ARFAA are subordinate to any bonded indebtedness of the District now in existence or hereafter created and shall be subject to the limitations of the District's Service Plan. The payment of claims under the ARFAA are subject to annual appropriation by the Board of Directors of the District in its sole discretion, and the terms and conditions of the ARFAA 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, 2021, no outstanding, unpaid claims due to BV Development exist under the ARFAA.

## **Management Services Agreement with Colorado Land Management, LLC**

On September 11, 2010, the District and BVMD1 entered into a Management Services Agreement with Colorado Land Management LLC (CLMLLC), a company owned by an individual who served as a director on both (1) the District's board from November 2008 through June 2021 and (1) the BVMD1 board since November 2008. The Agreement generally provides that CLMLLC shall conduct all of the ordinary operational and business affairs of both the District and BVMD1, shall provide general supervision and project administration for all projects, facilities, and contracts, and provide property management services. BVMD1 directs CLMLLC in the provision of service provided under the Management Services Agreement. The District and BVMD1 have renewed the Management Services Agreement annually since 2010.

As of April 15, 2021, the District and BVMD1 terminated the Management Service Agreement with CLMLLC.

## **Land Lease Agreement / Storage Lot**

Beginning in 2019, the District converted a 2.1 acre land tract into a recreational vehicle storage lot and began leasing 35 storage spaces to various private parties. Storage spaces are rented out at the rate of \$40/month per storage space.

The District contracted with two individuals to manage all aspects of the storage lot including supervision and monitoring of the lot, managing the lease and lease renewal process, enforcing storage lot rules and regulations on storage lot leasees, marketing storage lot leasing services to the general public and managing the administrative and accounting functions related to providing storage lot leasing services. The Management Contract is renewable annually at the option of the District and was renewed on January 01, 2022 for another 12-month period.

For the 12-month period ended December 31, 2021, the District earned \$16,285 in lease fee income.

## **NOTE 8 – RELATED PARTIES**

On February 25, 2021, the District's board appointed two eligible electors to fill vacancies on the District's board. This was the first time independent directors began serving on the District's board. Prior to February 25, 2021, all directors serving on the District's board also served as directors on Buckhorn Valley Metropolitan District No 1 (BVMD1) board.

The boundaries of BVMD1 is comprised entirely of one single family home lot (11 Bridger Drive), which is located within the boundaries of the District. BVMD1 also owns 6 land tracts within the District comprising approximately 67.7 acres of land.

On June 29, 2021, the District conducted an election where the eligible electors of the District recalled the three remaining directors on the District Board who reported conflicts of interest regarding their service on the Board. All directors serving on the District's board subsequent to the recall election date have reported no conflicts of interest regarding their service on the Board.

Conflicts of interest regarding the five directors serving on BVMD1 board include the following:

- One BVMD1 director has a financial ownership interest in the District's Series 2008 Subordinate bonds. This BVMD1 director also served on the District's board since the District's inception (May 2000) through June 2021.

- One BVMD1 director received compensation from Colorado Land Management, LLC in excess of \$100,000 annually and Colorado Land Management, LLC is contracted by BVMD1 to provide management services for both BVMD1 and the District. This BVMD1 director also served on the District's board from November 2008 through the date of the District's 2021 recall election. This BVMD1 director is also vice president of BV Firewheel, LLC, which owns all remaining developable land within the District.
- One BVMD1 director's mother is employed by International Capital, LLC and serves as the asset manager of BV Firewheel, LLC, the primary owner of undeveloped land within the District. The director's mother is also the sole owner of the single-family house which comprises 100% of the land within BVMD1. All directors serving on the BVMD1 board have entered into purchase option contracts regarding this single-family house with this director's mother to qualify themselves to serve as directors on the BVMD1 board.

Buckhorn Valley Development, LLC – which is a party to the 2009 Advance and Reimbursement and Facilities Acquisition Agreement – is owned by John Hill, a director serving on BVMD1 and a former director that served on the District's board through June 2021.

Two directors serving on the BVMD1 board also serve as directors on two (Mountain Gateway at Buckhorn Valley Owners Association, Inc and Hawksnest at Buckhorn Valley Association, Inc) of the five HOAs that provide services to residents within the District's boundaries.

In 2003, when the First Amended and Restated District Facilities Construction and Service Agreement was entered into between the District and BVMD1, the same individuals served as directors on the boards of both districts and all such directors reported conflicts of interest regarding their service on each district's board.

In 2009, when the Advance and Reimbursement and Facilities Acquisition Agreement was entered into between the District and BV Development, the same individuals served as directors on the boards of both districts and all such directors reported conflicts of interest regarding their service on each district's board.

The District's Series 2008 Subordinate Bonds are owned by David Garton, Jr., who serves as a director on BVMD1 and formerly served on the District's board since the District's inception (May 2000) through June 2021.

## **NOTE 9 – RISK MANAGEMENT**

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

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

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

## **NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS**

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

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

On November 7, 2000, the District's six electors (all of whom were employees/owners or spouses of employees/owners of and qualified to vote by the company owning all land within the District at that time) unanimously voted to authorize the District to assess property taxes at no more than \$500,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors voted unanimously to approve a revenue change to allow the District to retain and spend up to \$250,000 from revenue sources 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). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**Buckhorn Valley Metropolitan District No 2**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|  | Original Budget | Actual Amounts  | Positive / (Negative)<br>Variance with Original<br>Budget |
|--|-----------------|-----------------|---|
| <b>REVENUES</b>  |                 |                 |   |
| Property taxes   | \$ 680,337      | \$ 680,243      | \$ (94)   |
| Specific ownership taxes   | 38,269          | 30,714          | (7,555)   |
| Net investment income  | 2,000           | 313             | (1,687)   |
| <b>Total Revenues</b>  | <u>720,606</u>  | <u>711,270</u>  | <u>(9,336)</u>  |
| <b>EXPENDITURES</b>  |                 |                 |   |
| Direct and indirect collection costs   | 21,470          | 27,583          | (6,113)   |
| Debt service   |                 |                 |   |
| Bond interest  | 704,722         | 703,355         | 1,367   |
| Bond principal   | -               | -               | -   |
| <b>Total Expenditures</b>  | <u>726,192</u>  | <u>730,938</u>  | <u>(4,746)</u>  |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>  | <u>(5,586)</u>  | <u>(19,668)</u> | <u>(14,082)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                 |                 |   |
| Transfers in (out)   | -               | 12,930          | 12,930  |
| <b>Total Other Financing Sources (Uses)</b>  | <u>-</u>        | <u>12,930</u>   | <u>12,930</u>   |
| <b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES<br/>OVER (UNDER) EXPENDITURES AND OTHER FINANCING<br/>USES</b> | <u>(5,586)</u>  | <u>(6,738)</u>  | <u>(1,152)</u>  |
| <b>FUND BALANCE – BEGINNING</b>  | <u>5,586</u>    | <u>6,738</u>    | <u>1,152</u>  |
| <b>FUND BALANCE – END OF YEAR</b>  | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>   |

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

**Buckhorn Valley Metropolitan District No 2**  
**DEBT SERVICE FUND**  
**COLLECTION COST DETAILS - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|   | Original<br>Budget      | Actual<br>Amounts       | Positive / (Negative)<br>Variance with Original<br>Budget |
|---|-------------------------|-------------------------|---|
| <b>DIRECT AND INDIRECT COLLECTION COSTS</b>       |                         |                         |   |
| Management and accounting fees                    | \$ -                    | \$ 6,667                | \$ (6,667)  |
| Administrative costs                              | 60                      | -                       | 60  |
| Collection fees – County Treasurer                | 20,410                  | 20,416                  | (6)   |
| Legal fees  | -                       | -                       | -   |
| Bond paying agent fees                            | 1,000                   | 500                     | 500   |
| Miscellaneous costs                               | -                       | -                       | -   |
| <b>Total Direct and Indirect Collection Costs</b> | <b><u>\$ 21,470</u></b> | <b><u>\$ 27,583</u></b> | <b><u>\$ (6,113)</u></b>                                  |

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

**Buckhorn Valley Metropolitan District No 2**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

|   | Original Budget | Actual Amounts | Positive / (Negative) Variance with Original Budget |
|---|-----------------|----------------|---|
| <b>REVENUES</b>                                       |                 |                |   |
| Net investment income                                 | \$ -            | \$ -           | \$ -  |
| Other   | -               | -              | -   |
| <b>Total Revenues</b>                                 | <b>-</b>        | <b>-</b>       | <b>-</b>  |
| <b>EXPENDITURES</b>                                   |                 |                |   |
| Fund management costs                                 | -               | -              | -   |
| Capital projects                                      |                 |                |   |
| Major capital projects                                | -               | -              | -   |
| <b>Total Expenditures</b>                             | <b>-</b>        | <b>-</b>       | <b>-</b>  |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>-</b>        | <b>-</b>       | <b>-</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                 |                |   |
| Transfers In (Out)                                    | -               | -              | -   |
| <b>Total Other Financing Sources (Uses)</b>           | <b>-</b>        | <b>-</b>       | <b>-</b>  |
| <b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES</b> | <b>-</b>        | <b>-</b>       | <b>-</b>  |
| <b>FUND BALANCE – BEGINNING OF YEAR</b>               | <b>-</b>        | <b>-</b>       | <b>-</b>  |
| <b>FUND BALANCE – END OF YEAR</b>                     | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>   |

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
 December 31, 2021

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

| Year Ended<br>Dec. 31, | General Obligation Bonds<br>Series 2003 |                     |                     | General Obligation Bonds<br>Series 2010 |                     |                      | Total               |                      |                      |
|------------------------|---|---------------------|---------------------|---|---------------------|----------------------|---------------------|----------------------|----------------------|
|                        | Principal                               | Interest            | Total               | Principal                               | Interest            | Total                | Principal           | Interest             | Total                |
| 2022                   | \$ 275,000                              | \$ 932,042          | \$ 1,207,042        | \$ 1,043,000                            | \$ 3,764,030        | \$ 4,807,030         | \$ 1,318,000        | \$ 4,696,072         | \$ 6,014,072         |
| 2023                   | 1,780,000                               | 124,600             | 1,904,600           | 160,000                                 | 522,875             | 682,875              | 1,940,000           | 647,475              | 2,587,475            |
| 2024                   | -                                       | -                   | -                   | 170,000                                 | 511,275             | 681,275              | 170,000             | 511,275              | 681,275              |
| 2025                   | -                                       | -                   | -                   | 170,000                                 | 498,950             | 668,950              | 170,000             | 498,950              | 668,950              |
| 2026                   | -                                       | -                   | -                   | 185,000                                 | 484,500             | 669,500              | 185,000             | 484,500              | 669,500              |
| 2027                   | -                                       | -                   | -                   | 200,000                                 | 468,775             | 668,775              | 200,000             | 468,775              | 668,775              |
| 2028                   | -                                       | -                   | -                   | 215,000                                 | 451,775             | 666,775              | 215,000             | 451,775              | 666,775              |
| 2029                   | -                                       | -                   | -                   | 235,000                                 | 433,500             | 668,500              | 235,000             | 433,500              | 668,500              |
| 2030                   | -                                       | -                   | -                   | 315,000                                 | 413,525             | 728,525              | 315,000             | 413,525              | 728,525              |
| 2031                   | -                                       | -                   | -                   | 350,000                                 | 386,750             | 736,750              | 350,000             | 386,750              | 736,750              |
| 2032                   | -                                       | -                   | -                   | 380,000                                 | 357,000             | 737,000              | 380,000             | 357,000              | 737,000              |
| 2033                   | -                                       | -                   | -                   | 425,000                                 | 324,700             | 749,700              | 425,000             | 324,700              | 749,700              |
| 2034                   | -                                       | -                   | -                   | 460,000                                 | 288,575             | 748,575              | 460,000             | 288,575              | 748,575              |
| 2035                   | -                                       | -                   | -                   | 500,000                                 | 249,475             | 749,475              | 500,000             | 249,475              | 749,475              |
| 2036                   | -                                       | -                   | -                   | 535,000                                 | 206,975             | 741,975              | 535,000             | 206,975              | 741,975              |
| 2037                   | -                                       | -                   | -                   | 585,000                                 | 161,500             | 746,500              | 585,000             | 161,500              | 746,500              |
| 2038                   | -                                       | -                   | -                   | 630,000                                 | 111,775             | 741,775              | 630,000             | 111,775              | 741,775              |
| 2039                   | -                                       | -                   | -                   | 685,000                                 | 58,225              | 743,225              | 685,000             | 58,225               | 743,225              |
|                        | <b>\$ 2,055,000</b>                     | <b>\$ 1,056,642</b> | <b>\$ 3,111,642</b> | <b>\$ 7,243,000</b>                     | <b>\$ 9,694,180</b> | <b>\$ 16,937,180</b> | <b>\$ 9,298,000</b> | <b>\$ 10,750,822</b> | <b>\$ 20,048,822</b> |

Interest is payable each year on June 1<sup>st</sup> and December 1<sup>st</sup>, and principal payments are due each year on December 1<sup>st</sup>. No debt to maturity schedule has been provided for the 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. The District may redeem the Series 2003, 2008 and 2010 bonds at any time without paying a redemption premium to the bond holders.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2021

| Year Ended<br>December<br>31, | Prior Year Assessed<br>Valuation for Current<br>Year tax Levy | Mills Levied |        | Total Property Taxes |                       | Percent<br>Collected<br>to Levied |
|-------------------------------|---|--------------|--------|----------------------|-----------------------|-----------------------------------|
|                               |   | Operations   | Debt   | Levied               | Collected<br>(Note A) |                                   |
| 2017                          | \$ 7,511,030  | 6.118        | 48.945 | \$ 413,579           | \$ 413,387            | 99.9%                             |
| 2018                          | 8,891,560   | 6.764        | 54.111 | 540,608              | 540,608               | 100.0%                            |
| 2019                          | 9,629,890   | 6.764        | 54.111 | 586,354              | 586,354               | 100.0%                            |
| 2020                          | 11,179,950  | 6.811        | 54.490 | 685,300              | 685,148               | 100.0%                            |
| 2021                          | 12,485,990  | 6.811        | 54.488 | 765,300              | 765,273               | 100.0%                            |
| 2022                          | 13,851,090  | 6.810        | 54.489 | 849,000              | [TBD]                 | [TBD]                             |

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

## **OTHER SUPPLEMENTARY INFORMATION**

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2021

|   | 2021<br>Mill Levy * | 2020<br>Mill Levy ** | Change       |
|---|---------------------|----------------------|--------------|
| Buckhorn Valley Metropolitan District No. 2 | 61.299              | 61.299               | -            |
| Wiggins 50-J School District                | 24.649              | 24.070               | 0.579        |
| Eagle County                                | 11.273              | 11.255               | 0.017        |
| Gypsum Fire Protection District             | 10.570              | 10.524               | 0.046        |
| Town of Gypsum                              | 5.094               | 5.094                | -            |
| Colorado Mountain College                   | 4.013               | 4.013                | -            |
| Mountain Recreation Metro District          | 3.650               | 3.650                | -            |
| Eagle Valley Library District               | 2.763               | 2.763                | -            |
| Colorado River Water Conservation District  | 0.501               | 0.501                | -            |
| Cedar Hill Cemetery District                | 0.490               | 0.490                | -            |
| <b>Total Mill Levy (Tax Area 459)</b>       | <b>124.302</b>      | <b>123.660</b>       | <b>0.642</b> |

\* -- For property tax collections in 2022

\*\* -- For property tax collections in 2021

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2  
**HISTORICAL DEBT RATIOS**  
 December 31, 2021

|   | 2017          | 2018          | 2019          | 2020          | 2021          |
|---|---------------|---------------|---------------|---------------|---------------|
| General Obligation Bonds                              | \$ 14,746,836 | \$ 14,746,836 | \$ 14,746,836 | \$ 14,746,836 | \$ 14,746,836 |
| Accrued, unpaid interest - Bonds                      | 4,357,483     | 5,108,072     | \$ 5,848,666  | \$ 6,535,196  | \$ 7,172,781  |
| Restricted Cash in Bond Funds                         | (\$ 1,829)    | (\$ 2,662)    | (\$ 2,459)    | (\$ 4,642)    | \$ -          |
| Combined assessed property values within the District | \$ 8,891,560  | \$ 9,629,890  | \$11,179,950  | \$12,485,990  | \$ 13,851,090 |
| Ratio of debt to assessed property values             | 214.8%        | 206.2%        | 184.2%        | 170.4%        | 158.3%        |

**EXHIBIT C**

**July 19, 2021 Resolution Regarding Written Policies Address Open Records Requests  
Submitted by the Public**

**BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2**

**RULES RELATED TO REQUESTS FOR INSPECTION OF PUBLIC RECORDS  
PURSUANT TO  
THE COLORADO OPEN RECORDS ACT, SECTIONS 24-72-200.1 *et seq.*, C.R.S.**

**WHEREAS**, Buckhorn Valley Metropolitan District No. 2 (the “District”) is a special district organized and existing pursuant to Sections 32-1-101 *et seq.*, C.R.S.; and

**WHEREAS**, the District is a political subdivision for purposes of the Colorado Open Records Act, Sections 24-72-200.1 *et seq.*, C.R.S., as may be amended from time to time (“CORA”), as defined in Section 24-72-202(5), C.R.S., and is thus subject to CORA; and

**WHEREAS**, the District has designated an “Official Custodian,” as that term is defined in Section 24-72-202(2), C.R.S., who is responsible for the maintenance, care, and keeping of the District’s public records, regardless of whether the records are in his or her actual personal custody and control; and

**WHEREAS**, the District has designated a “Custodian,” as that term is defined in Section 24-72-202(1.1), C.R.S., who shall serve as the repository for the District’s public records and shall have personal custody and control of the District’s public records and assist the Official Custodian with the maintenance, care, and keeping of the District’s public records; and

**WHEREAS**, pursuant to Section 24-72-203(1)(a), C.R.S., the Official Custodian may make such rules with reference to the inspection of public records as are reasonably necessary for the protection of such records and the prevention of unnecessary interference with the regular discharge of the duties of the Custodian and the Custodian’s office; and

**WHEREAS**, the Official Custodian finds it is necessary and in the best interests of the District to adopt certain rules with reference to the inspection of its public records.

**NOW, THEREFORE, THE OFFICIAL CUSTODIAN MAKES AND ADOPTS THE FOLLOWING RULES WITH REFERENCE TO THE INSPECTION OF THE BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2’S PUBLIC RECORDS:**

1. Inspection of Public Records. All “Public Records” of the District, as such term is defined in Section 24-72-202(6), C.R.S., shall be available for public inspection by any person at reasonable times as provided in CORA, except as otherwise provided in CORA or as otherwise provided by law. All requests to inspect Public Records shall be in writing and delivered to the Custodian or his or her designee. Upon the receipt of a written request to inspect Public Records, the Custodian or his or her designee shall set a date and hour at which time the requested Public Records will be available for inspection, which date and hour of inspection shall be between the hours of 8:00 A.M. and 5:00 P.M., Mountain Standard Time, three (3) working days or less from the date such Public Records were requested for inspection unless extenuating circumstances exist as provided in Section 24-72-203(3)(b), C.R.S. The day the request is received, weekends, and

legally recognized holidays shall not count as a working day for the purposes of computing the date set for inspection of Public Records. A modification to a request for Public Records is considered a new request.

2. Notification for Inspecting Public Records Not Under Control of the Custodian. If the Public Records requested are not in the custody or control of the Custodian or the Official Custodian, the Custodian or his or her designee shall notify the person requesting to inspect such records that said records are not in the custody or control of the Official Custodian or the Custodian. The notification shall state in detail to the best of the Custodian's knowledge and belief, the reason for the absence of the records, the location of the records, and what person has custody or controls the records.
3. Notification for Inspecting Public Records in Use or Otherwise Unavailable. If the Public Records requested are in active use, in storage, or otherwise not readily available at the time requested, the Custodian or his or her designee shall notify the person requesting to inspect the Public Records of the status of the Public Records. Such notification shall be made in writing if desired by the person requesting to inspect the Public Records.
4. Copies of Public Records. Within the period specified in Section 24-72-203(3), C.R.S., the Custodian or his or her designee shall notify the person requesting a copy of the Public Records that a copy of the Public Records is available but will only be sent to the requester once the Custodian either receives payment or makes arrangements for receiving payment for all costs associated with records transmission and for all other fees lawfully allowed, regardless of whether provided for herein, unless recovery of all or any portion of such costs or fees has been waived by the Custodian. Upon receipt of such payment, the Custodian or his or her designee shall send a copy of the Public Records to the requester as soon as practicable but no more than three (3) business days after receipt of, or making arrangements to receive, such payment.
5. Fees for Copies of Public Records. The Custodian or his or her designee shall furnish, for a fee as set forth herein, a copy, printout, or photograph of the District's Public Records requested. The fee shall be twenty-five cents (\$0.25) per standard page, or such other maximum amount as authorized by Section 24-72-205(5), C.R.S., for a copy, printout, or photograph of the Public Record except as follows:
  - a. When the format is other than a standard page, the fee shall not exceed the actual cost of providing the copy, printout, or photograph;
  - b. If other facilities are necessary to make a copy of the Public Records, the cost of providing the copy at the other facilities shall be paid by the person requesting the copy;
  - c. If the Public Records are a result of computer output other than word processing, the fee for a copy, printout, or photograph thereof may be based on recovery of the actual incremental costs of providing the electronic services and products

together with a reasonable portion of the costs associated with building and maintaining the information system;

- d. If, in response to a specific request, the District has performed a manipulation of data so as to generate a record in a form not used by the District, a reasonable fee may be charged to the person making the request, which fee shall not exceed the actual costs of manipulating the data and generating the record in accordance with the request; and
  - e. Where the fee for a certified copy or other copy, printout, or photograph of a Public Record is specifically prescribed by law, that specific fee shall apply in lieu of the fee(s) set forth herein.
6. Transmission Fees. In addition to the fees set forth above, where the person requesting the Public Record requests the transmission of a certified copy or other copy, printout, or photograph of a Public Record by United States mail or other non-electronic delivery service, the Custodian or his or her designee may charge the costs associated with such transmission, except that no transmission fees may be charged to the records requester for transmitting a Public Record via electronic mail.
7. Research and Retrieval Fees. In addition to the fees set forth above, in accordance with Section 24-72-205(6), C.R.S., the Official Custodian, Custodian, or his or her designee may charge a research and retrieval fee of \$33.58 per hour, or such other maximum hourly fee as may be adjusted from time to time pursuant to Section 24-72-205(6)(b), C.R.S., for time spent by the District's directors, employees, agents, and consultants researching, retrieving, gathering, collecting, compiling, preparing, redacting, manipulating, and/or otherwise producing records in order to respond to a request for Public Records. Provided, however, that such research and retrieval fee may not be imposed for the first hour of time expended in connection with such research and retrieval activities related to a request for Public Records, but may be imposed for each subsequent hour.
8. Payment of Fees. All fees associated with production of the District's Public Records requested by the person inspecting said Public Records, as set forth in Paragraphs 4 through 7 above, shall be received by the District before the delivery or inspection of said Public Records.
9. In Force Until Amended or Repealed. These rules of the Official Custodian shall remain in full force and effect unless and until such time as they are amended or repealed by the Official Custodian regardless of any change in either the individual serving as, or the designation of, the Official Custodian of the District.
10. Repealer. These rules of the Official Custodian shall supersede all previous versions of rules, regulations, practices and policies of the District related to inspection of Public Records.

**[Remainder of page intentionally left blank.]**

ADOPTED, APPROVED, AND MADE EFFECTIVE the 19<sup>th</sup> day of July, 2021.

DocuSigned by:

*Erin Gallimore*

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By:

Official Custodian of Public Records  
Buckhorn Valley Metropolitan District No. 2