



ANNUAL INFORMATION REPORT
for the Year Ended December 31, 2024
BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2

The following information is provided pursuant to the annual reporting requirements provided by CRS 32-1-207(3)(c) regarding the activities of the District for the 12-month reporting period stated in the heading of this report:

(A) Boundary changes made

None

(B) Intergovernmental agreements entered into or terminated with other governmental entities

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 \$187,822 for overpayments to BHVMD1 under the DFCSA.

The DFCSA was subject to litigation. See response to (D) below. Per the June 2024 trial, the court ruled that District 1 had breached the DFCSA. While breach of the DFCSA is grounds for the District to terminate the DFCSA, the District and District 1 initiated mediation to potentially enter into a revised and restated DFCSA. Mediation and negotiation between the two districts regarding the DFCSA was ongoing as of December 31, 2024.

(C) Access information to obtain a copy of rules and regulations adopted by the board

The District Board's current policies and resolutions applicable to all homes within the District are publicly accessible and posted in the document library on the District's website (www.buckhornvalleymetro2.org)

(D) A summary of litigation involving public improvements owned by the special district

A jury trial was held the week of June 24th. As a result of that trial, Eagle County District Court issued a ruling on July 11, 2024 stating (1) the DFSCA is a valid agreement, (2) District 1 breached the DFSCA, (3) damages totaling \$494,507 was awarded to the District against District 1 due to District 1's breach of the DFSCA and (4) District 1's counterclaim that the District breached the DFSCA by terminating the DFSCA and not remitting funds to District 1 per the terms of the DFSCA was denied.

On August 22, 2024, the District filed a notice of appeal regarding District Court's rulings that (1) the Colorado Governmental Immunity Act applied to the 13 individuals against whom the District had filed claims and (2) the DFSCA did not violate the Special District Act (Title 32).

For more information regarding this litigation, see Note 11 and Note 12 of the District's 2024 Financial Statements (**Exhibit B**).

(E) The status of the construction of public improvements by the special district

The District did not construct any public improvements within or without the District to be dedicated to the Town of Gypsum. The Buckhorn Subdivision is partially built out – 457 of the 899 home lots within the community have been developed. BV Firewheel, LLC owns approximately 135 acres of the 142 undeveloped acres of land within the District.

Note: The District was not a party to any agreements between the Developer and the Town of Gypsum. Such agreements established obligations for the Developer to install public improvements within and outside the Mayfield subdivision.

(F) A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality

N/A – The District has never constructed any public infrastructure that was subsequently turned over to the Town of Gypsum. All debt issued by the District was used to subsidize costs incurred by the land developer to construct improvements on the developer’s private land (thus, increasing the sales value of all undeveloped home lots on such land) prior to selling all home lots to homeowners. The Town only entered into agreements with the Developer that required the Developer – not the District – to construct the public infrastructure within the District.

(G) The final assessed valuation of the special district as of December 31 of the reporting year

See Exhibit A

(H) A copy of the current year's budget

See Exhibit A

(I) A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable

See Exhibit B

(J) Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district

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

(K) Any inability of the special district to pay its 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 12/31/24	\$ 23,454,269	A
Net taxable assessed valuation of all property within the District for 2024	\$ 21,244,620	B
Ratio of Debt to Assessed Valuation	110.4%	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 \$8.7 million as of December 31, 2024. The District's total outstanding debt as of December 31, 2024 is \$23.4 million – 37.1% of which is accrued, unpaid interest.

For collection year 2025, the District will levy the maximum required mill levy of 60.902 mills which will be sufficient to cover interest accruing on the bonds in 2025. Net proceeds from the debt mill levy will cover approximately 116% of the accrued interest for 2025 causing the District's overall debt burden to decrease by approximately \$175,000. Failure to pay interest and principal is not an Event of Default so long as the District levies the maximum required mill levy.

Pursuant to a resolution adopted by Town Council on September 27, 2022, the District is required to provide the following additional information in its annual report to the Town of Gypsum:

- 1) Copies of the District's rules and regulations, if any, as of December 31 of the prior year.

The Board updated the following Board policies during the current reporting year:

- Adoption of Policies and Procedures Policy [Exhibit C]
- Conflicts of Interest Policy [Exhibit D]
- Meeting Conduct Policy [Exhibit E]

Exhibit A

District's 2025 Adopted Budget, Certified Mill Levy and 2024 Assessed Valuation

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, 2025, as adopted on November 19, 2024.

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 2nd day of December 2024.

DocuSigned by:

Nick Viau

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Nickolas Viau, President

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

GYPSUM
EAGLE COUNTY, COLORADO



2025 Budget (DRAFT)

Public Hearing Date: October 22, 2024 (continued to November 19, 2024)



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

Accountant's Report

Board of Directors
Buckhorn Valley Metropolitan District No. 2
Gypsum, 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, 2025 and the forecasted estimate of comparative information for the year ending December 31, 2024 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
District Manager

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
SUMMARY
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
 For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 233,736	\$ 213,117	\$ 44,700
REVENUES			
Property taxes	893,804	1,295,500	1,409,900
Specific ownership taxes	51,231	63,000	69,100
Storage lot rental fees	21,600	24,000	24,000
Interest income	10,455	21,183	16,000
Total Revenues	977,090	1,403,683	1,519,000
OTHER FINANCING SOURCES			
Interfund transfers	-	-	-
Total Funds Available	1,210,826	1,616,800	1,563,700
EXPENDITURES			
General and administration	20,458	21,100	28,500
Storage lot expenses	21,720	22,500	24,000
Litigation costs	110,715	265,000	123,300
Debt service			
a) Direct and indirect collection costs	65,646	79,300	99,500
b) Bond principal payments	-	-	-
c) Bond interest payments	779,170	1,184,200	1,268,700
Capital project expenses	-	-	-
Total Expenditures	997,709	1,572,100	1,544,000
OTHER FINANCING USES			
Transfer to Buckhorn Valley Metro District No 1	-	-	-
Interfund transfers	-	-	-
Total expenditures and transfers out requiring appropriation	997,709	1,572,100	1,544,000
ENDING FUND BALANCE	\$ 213,117	\$ 44,700	\$ 19,700
EMERGENCY EXPENSE RESERVE	\$ 8,600	\$ 10,600	\$ 5,300
TOTAL DEBT RESERVES	-	-	-
TOTAL RESTRICTED FUNDS	\$ 8,600	\$ 10,600	\$ 5,300

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 2023	ADOPTED 2024	ADOPTED 2025
ASSESSED VALUATION – EAGLE COUNTY			
Residential	\$ 12,727,650	\$ 18,395,140	\$ 18,851,340
Vacant Land	1,336,030	1,924,180	2,299,240
State Assessed	107,880	99,610	94,040
Certified Taxable Value	\$ 14,171,560	\$ 20,418,930	\$ 21,244,620
MILL LEVY			
General Fund	7.000	5.098	5.465
Debt Service Fund	56.057	58.149	60.902
Total Mill Levy	63.057	63.247	66.367
PROPERTY TAXES			
General Fund	\$ 99,200	\$ 104,100	\$ 116,100
Debt Service Fund	794,400	1,187,300	1,293,800
Total Property Tax Revenue	\$ 893,600	\$ 1,291,400	\$ 1,409,900

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 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED**

For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 235,358	\$ 209,640	\$ 44,700
REVENUES			
Property taxes	99,222	104,400	116,100
Specific ownership taxes	5,687	5,100	5,700
Storage lot rental fees	21,600	24,000	24,000
Interest income	666	10,160	5,000
Total Revenues	127,175	143,660	150,800
Total Funds Available	362,533	353,300	195,500
EXPENDITURES			
General & administrative expenses	20,458	21,100	28,500
Storage lot expenses	21,720	22,500	24,000
Litigation costs	110,715	265,000	123,300
Total Expenditures	152,893	308,600	175,800
OTHER FINANCING USES AND TRANSFERS OUT			
Transfer to Buckhorn Valley Metro District No 1	-	-	-
Transfers to capital project fund	-	-	-
Total expenditures and financing (sources) uses requiring appropriation	152,893	308,600	175,800
ENDING FUND BALANCE	\$ 209,640	\$ 44,700	\$ 19,700
EMERGENCY EXPENSE RESERVE	\$ 8,600	\$ 10,600	\$ 5,300

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 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED**

For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
General & Administrative Expenses			
District management fees	\$ 39,999	\$ 40,000	\$ 40,000
Administrative costs	1,262	3,000	3,000
Collection fees – County Treasurer (3% of PropTax)	2,978	3,200	3,500
Audit fees	7,150	8,500	8,500
Insurance	1,865	1,700	3,300
Legal fees – general	7,376	5,000	10,000
Newsletter	1,068	2,500	2,500
Election services	61	-	12,000
Contingency	-	-	3,700
Indirect collection cost allocation to debt fund (67%)	(41,300)	(42,800)	(58,000)
Total General & Administrative Expenses	\$ 20,459	\$ 21,100	\$ 28,500

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 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
 For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	(\$ 1,622)	\$ 3,477	\$ -
REVENUES			
Property taxes	794,582	1,191,100	1,293,800
Specific ownership taxes	45,544	57,900	63,400
Interest income	9,789	11,023	11,000
Total Revenues	849,915	1,260,023	1,368,200
FUND TRANSFERS IN			
Transfers from the General Fund	-	-	-
Total Funds Available	848,293	1,263,500	1,368,200
EXPENDITURES			
Direct and indirect collection costs	65,646	79,300	99,500
Bond principal – 2003 Series Bonds	-	-	-
Bond principal – 2008 Series Bonds	-	-	-
Bond principal – 2010 Series Bonds	-	-	-
Bond interest – 2003 Series Bonds	148,043	225,000	225,900
Bond interest – 2008 Series Bonds	-	-	-
Bond interest – 2010 Series Bonds	631,127	959,200	1,042,800
Total Expenditures	844,816	1,263,500	1,368,200
OTHER FINANCING USES AND TRANSFERS OUT			
Fund transfers out	-	-	-
Total expenditures and financing uses requiring appropriation	844,816	1,263,500	1,368,200
ENDING FUND BALANCE	\$ 3,477	\$ -	\$ -
BOND FUND	\$ -	\$ -	\$ -
RESERVE FUND	-	-	-
SURPLUS FUND	-	-	-
TOTAL DEBT RESERVE	\$ -	\$ -	\$ -

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 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
 For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
Direct and Indirect Collection Costs			
Indirect collection cost allocation	\$ 41,300	\$ 42,800	\$ 58,000
Collection fees – County Treasurer (3% of PropTax)	23,847	35,800	38,800
Trustee fees	500	700	700
Contingency	-	-	2,000
Total Direct and Indirect Collection Costs	\$ 65,647	\$ 79,300	\$ 99,500

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 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
 For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Net investment income	-	-	-
Total Revenues	-	-	-
OTHER FINANCING SOURCES			
Transfers in from operating fund	-	-	-
Total Funds Available	-	-	-
EXPENDITURES			
Capital improvement expenditures	-	-	-
Total Expenditures	-	-	-
Total expenditures requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2025 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.

Litigation

On November 01, 2022, the District filed a lawsuit in Colorado's District Court located in Eagle County against BVMD1 and 13 individuals who previously served on the District's board at various times between May 2000 and June 2021. In February 2023, BVMD1 filed in District Court counterclaims against the District claiming (1) the District breached the 2003 Agreement and (2) the District's actions are in violation of its Service Plan. In July 2023, District Court dismissed the District's claims against the 13 individuals but denied BVMD1's motion to dismiss the District's claims against BVMD1.

A jury trial was held the week of June 24th. As a result of that trial, Eagle County District Court issued a ruling on July 11, 2024 stating (1) the DFSCA is a valid agreement, (2) District 1 breached the DFSCA, (3) damages totaling \$494,507 was awarded to the District against District 1 due to District 1's breach of the DFSCA and (4) District 1's counterclaim that the District breached the DFSCA by terminating the DFSCA and not remitting funds to District 1 per the terms of the DFSCA was denied.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

On August 22, 2024, the District filed an appeal with the Colorado Court of Appeals appealing (1) District Court’s dismissal of the District’s claims against the 13 individual defendants and (2) District Court’s conclusion that the DFSCA was a valid agreement.

The District and District 1 conducted mediation in September 2024, which resulted in a tentative settlement agreement between the two districts. While the Board is hopeful a settlement agreement can be achieved between both districts, the 2025 budget has been drafted under the assumption that litigation will continue between the two districts in 2025.

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, 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% with no exemptions to actual property values. The ratio for 2025 is 6.700% with a \$55,000 valuation exemption per residential lot, which caused the Maximum Operating Mill Levy for 2025 to be 8.184¹.

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% with no exemptions to actual property values. The ratio for 2025 is 6.700% with a \$55,000 valuation exemption per residential lot, which caused the Maximum Debt Mill Levy for 2025 to be 60.902².

¹ 8.184 mills = $[(\$18,851,340 / 6.7\%) + (\$55,000 \times 458 \text{ lots})] \times 9.74\% \times (5.375 \text{ mills} / 1,000) + [(\$6,567,250 / 27.9\%) + (\$30,000 \times 0 \text{ lots})] \times 29\% \times (5.375 \text{ mills} / 1,000) / \$21,244,620$
² 60.902 mills = $[(\$18,851,340 / 6.7\%) + (\$55,000 \times 458 \text{ lots})] \times 9.74\% \times (40 \text{ mills} / 1,000) + [(\$6,567,250 / 27.9\%) + (\$30,000 \times 0 \text{ lots})] \times 29\% \times (40 \text{ mills} / 1,000) / \$21,244,620$

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

For the collection year 2025, the District adopted a mill levy of 5.465 for operations and 60.902 for debt service. The calculation is reflected on page 2 of the budget. The District’s 2025 adopted mill levy for general operations is expected to generate \$116,100 in property tax revenue, which is \$383,900 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 2025 budget projects the District’s share of specific ownership taxes received from the State will be equal to approximately 4.9% 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.

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 50 separate storage spaces. For 2025, 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 4.0%.

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.

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)

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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 2025 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.

On July 11, 2024, District Court ruled that BVMD1 breached the DFCS Agreement and the District’s actions in 2021 to terminate the DFCS Agreement was not a breach of the DFCS Agreement.

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.

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 14.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

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.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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 2025 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 remain fully depleted in 2025.

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 2025.

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 Dec. 31,	General Obligation Bonds Series 2003			General Obligation Bonds Series 2010			General Obligation Bonds Series 2008			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$2,055,000	\$1,028,151	\$ 3,083,151	\$1,543,000	\$ 4,227,808	\$ 5,770,808	-	\$ 4,826,327	\$ 4,826,327	\$ 3,598,000	\$ 10,082,286	\$ 13,680,286
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	5,815,766	6,173,836	385,155	6,558,991
	\$2,055,000	\$1,028,151	\$ 3,083,151	\$7,243,000	\$ 8,624,858	\$15,867,858	\$5,448,836	\$ 9,403,347	\$ 14,892,183	\$ 14,892,183	\$ 19,056,356	\$ 33,843,192

Exhibit B

2024 Annual Financial Statements w Audit Opinion



TOWN OF GYPSUM
EAGLE COUNTY, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Buckhorn Valley Metropolitan District No. 2

Eagle County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Buckhorn Valley Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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



Castle Pines, Colorado
July 7, 2025

Buckhorn Valley Metropolitan District No 2
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 44,953
Cash and investments – restricted	18,549
Accounts Receivable - Storage Lot Rentals	7,240
Receivable - due from Buckhorn Valley Metro No 1	187,822
Property taxes receivable	1,409,900
Specific ownership taxes receivable	5,876
Prepaid expenses	2,740
Land	14,400
Total Assets	1,691,480
LIABILITIES	
Accounts payable and accrued liabilities	244,471
Prepaid storage lot fees	14,380
Accrued interest payable	8,707,433
Current portion bonds	3,598,000
General obligation refunding bonds	11,148,836
Total Liabilities	23,713,120
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	1,409,900
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	5,300
Debt service	18,651
Capital projects	-
Non-spendable	2,740
Unassigned:	(23,458,231)
Net Position (Deficit)	\$ (23,431,540)

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, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges For Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Government Activities:					
General government activities	\$ (361,276)	\$ 22,204	\$ -	\$ -	\$ (339,072)
Interest and related costs on long-term debt	(1,500,260)		-	-	(1,500,260)
Capital project activities	-	-	-	-	-
	<u>\$ (1,861,536)</u>	<u>\$ 22,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,839,332)</u>
General Revenues					
Property taxes					1,298,427
Specific ownership taxes					63,031
Net investment income					19,439
					<u>1,380,897</u>
					<u>(458,435)</u>
					<u>(22,973,105)</u>
					<u>\$ (23,431,540)</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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
ASSETS				
Cash and investments	\$ 44,953	\$ -	-	\$ 44,953
Cash and investments - Restricted	5,300	13,249	-	18,549
Interfund receivable	-	-	-	-
Specific ownership taxes receivable	474	5,402	-	5,876
Property taxes receivable	116,100	1,293,800	-	1,409,900
Storage lot fees receivable	7,240	-	-	7,240
Receivable due from BV Metro 1	187,822	-	-	187,822
Prepaid expenses	2,740	-	-	2,740
TOTAL ASSETS	364,629	1,312,451	-	1,677,080
LIABILITIES				
Accounts payable and accrued liabilities	244,471	-	-	244,471
Prepaid storage lot fees	14,380	-	-	14,380
Interfund payable	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	116,100	1,293,800	-	1,409,900
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	374,951	1,293,800	-	1,668,751
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	5,300	-	-	5,300
Debt service	-	18,651	-	18,651
Non-spendable	2,740	-	-	2,740
Unrestricted	(18,362)	-	-	(18,362)
Total Fund Balances	(10,322)	18,651	-	8,329
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 364,629	\$ 1,312,451	-	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds

Land	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	(8,707,433)

Net position of governmental activities	\$ (23,431,540)
--	------------------------

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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
REVENUES				
Property taxes	\$ 104,659	\$ 1,193,768	\$ -	\$ 1,298,427
Specific ownership taxes	5,082	57,949	-	63,031
Storage lot rental fees	21,600	-	-	21,600
Other income	604	-	-	604
Net investment income	9,369	10,070	-	19,439
Total Revenues	141,314	1,261,787	-	1,403,101
EXPENDITURES				
General and administrative costs	20,584	79,798	-	100,382
Storage lot management fees	39,860	-	-	39,860
Litigation fees	300,832	-	-	300,832
Debt service				
Bond interest	-	1,166,816	-	1,166,816
Bond principal	-	-	-	-
Total Expenditures	361,276	1,246,614	-	1,607,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(219,962)	15,173	-	(204,789)
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING	(219,962)	15,173	-	(204,789)
FUND BALANCES – BEGINNING	209,640	3,478	-	213,118
FUND BALANCES – END OF YEAR	\$ (10,322)	\$ 18,651	\$ -	\$ 8,329

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, 2024

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

Net change in fund balances – Total government funds	\$	(204,789)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

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	(253,646)
Changes in net position of governmental activities	\$ (458,435)

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, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 104,100	\$ 104,659	\$ 559
Specific ownership taxes	5,200	5,082	(118)
Net investment income	500	9,369	8,869
Irrigation service fees	370,300	-	(370,300)
Other income	-	604	604
Storage lot rental fees	24,000	21,600	(2,400)
Total Revenues	504,100	141,314	(362,786)
EXPENDITURES			
General and administrative costs	24,200	20,584	3,616
Irrigation services	226,000	-	226,000
Storage lot management fees	24,000	39,860	(15,860)
Litigation fees	77,400	300,832	(223,432)
Total Expenditures	351,600	361,276	(9,676)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	152,500	(219,962)	(372,462)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(144,300)	-	144,300
Total Other Financing Sources (Uses)	(144,300)	-	144,300
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	8,200	(219,962)	(228,162)
FUND BALANCE – BEGINNING OF YEAR	317,000	209,640	(107,360)
FUND BALANCE – END OF YEAR	\$ 325,200	\$ (10,322)	\$ (335,522)

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
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 40,000	\$ 39,996	\$ 4
Administrative costs	3,000	1,462	1,538
Audit fees	7,500	8,500	(1,000)
Collection fees – County Treasurer	3,200	3,143	57
Board of Directors’ fees	-	-	-
Newsletters	2,500	-	2,500
Election services	-	-	-
Insurance	3,000	1,623	1,377
Legal fees	10,000	9,160	840
Indirect collection cost allocation	(49,000)	(43,300)	(5,700)
Miscellaneous costs	4,000	-	4,000
Total General and Administration	<u>\$ 24,200</u>	<u>\$ 20,584</u>	<u>\$ 3,616</u>
IRRIGATION SERVICES			
Collection fees - mgmt. co	15,000	-	15,000
Contractor maint. services	85,000	-	85,000
Insurance property	7,000	-	7,000
Water reserve/engineering/validation study	30,000	-	30,000
Sprinklers – water	12,000	-	12,000
Grounds improvements	50,000	-	50,000
Miscellaneous landscape costs	27,000	-	27,000
Total Irrigation Services	<u>\$ 226,000</u>	<u>\$ -</u>	<u>\$ 226,000</u>

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, 2024

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.

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. On October 23, 2023, the Board adopted the District's 2024 budget.

Actual expenditures in the General Fund exceeded budget amounts. This may be a violation of State law.

Pooled Cash and Investments

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

Investments are carried at net asset value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2024, the District's share of Specific ownership taxes was equal to approximately 4.4% 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, 2024 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, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$	44,953
Cash and investments – restricted		18,549
Total cash and investments	\$	63,502

Cash and investments as of December 31, 2024 consist of the following:

Deposits with financial institutions	\$	25,651
Investments		37,851
Total cash and investments	\$	63,502

Deposits with Financial Institutions

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

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

At December 31, 2024, the District's cash held at financial institutions had a bank balance and a carrying balance of \$25,651.

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, 2024, the District’s investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 37,851

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 and valued at a nominal \$1,000 per acre.

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, 2024:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Due within one year
General obligation bonds:					
Series 2003 Bonds	\$ 2,055,000	\$ -	\$ -	\$ 2,055,000	\$2,055,000
Series 2008 Subordinate Bonds	5,448,836	-	-	5,448,836	5,448,836
Series 2010 Bonds	7,243,000	-	-	7,243,000	1,543,000
Accrued Interest:					
Series 2003 Bonds	848,225	203,226	(221,674)	829,777	829,777
Series 2008 Subordinate Bonds	4,172,467	326,930	-	4,499,397	4,499,398
Series 2010 Bonds	3,433,094	890,306	(945,142)	3,378,258	3,378,258
Total	\$ 23,200,622	\$1,412,000	(\$1,166,816)	\$ 23,454,268	\$ 17,754,269

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.

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, 2024, 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.

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, 2024, the cash balance held in the 2010 Reserve Fund and 2010 Surplus Fund was \$0 and \$0, respectively.

Outstanding bond principal and interest on the Series 2010 Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,543,000	\$ 4,281,065	\$ 5,824,065
2026	185,000	484,500	669,500
2027	200,000	468,775	668,775
2028	215,000	451,775	666,775
2029	235,000	1,915,475	668,500
2030-2034	1,930,000	1,770,550	3,700,550
2035-2039	2,935,000	787,950	3,722,950
Total	\$ 7,243,000	\$ 8,678,115	\$ 15,921,115

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 Minimum Debt Mill Levy is 35 mills. 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 11, 2000 – at which time, the ratio was 9.74%. The ratio for the 2024 collection year was 6.70%, which caused the District’s Maximum Debt Mill Levy for 2024 to be 58.149.

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 28.

Events of Default – Series 2003 and Series 2010 Bonds

The following events are considered events of default under the respective Series 2003 and Series 2010 bond resolutions: (1) the District fails to pay principal and interest payments when due; (2) the District fails to impose the Required Mill Levy or the Minimum Mill Levy in accordance with the Series 2003 bond resolution, (3) the District fails to collect and apply the revenue in accordance with the terms of the Series 2003 bond resolution, (4) the District defaults in the performance of any of the covenants in the Series 2003 bond resolution and such default continues for 60 days after receiving written notice of such default by the bondholders or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Bonds. Available remedies for an Event of Default are (1) initiating a lawsuit against the District and (2) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity.

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 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 February 13, 2008 – at which time, the ratio was 7.96%. The ratio for the 2024 collection year was 6.70%, which caused the District’s Required Subordinate Mill Levy for 2024 to be 41.582. As long as the Senior Bonds remain outstanding, the Required Subordinate Mill Levy cannot exceed the difference between the Maximum Debt Mill Levy less the Senior Required Mill Levy. For 2024, the difference between the Maximum Debt Mill Levy less the Senior Required Mill Levy was 0.000 mills. Thus, the Required Subordinate Mill Levy for 2024 was 0.000 mills.

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.

Events of Default – Series 2008 Subordinate Bonds

The following events are considered events of default under the 2008 Subordinate bond resolution: (1) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Bond Resolution and fails to remedy the same within 60 days after receiving written notice thereof from the Bond Owners or (2) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay interest on the 2008 Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) initiating a lawsuit against the District and (2) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity.

Debt Authorization – TABOR

As of December 31, 2024, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District’s voters in compliance with TABOR.

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 2024 collection year was 6.70%, which caused the District’s Maximum Debt Mill Levy for 2024 to be 58.149.

As of December 31, 2024, 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)
Unused, authorized debt issuance	\$ 7,630,000

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)

Restricted Net Position

The District’s restricted net position as of December 31, 2024 in the general fund, debt service fund and capital project fund totaled \$5,300, \$18,651 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, 2024 in the general fund, debt service fund and capital project fund totaled \$2,740, \$0 and \$0, respectively.

Unassigned Net Position

The District’s unassigned net position as of December 31, 2024 totaled (\$23,458,232). 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 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 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 January 01, 2000 – at which time, the ratio was 9.74%. The ratio for the 2024 collection year was 6.70%, which causes the District’s Maximum Debt Mill Levy applicable to the DFCSA for 2024 to be 72.686. 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.

Each year subsequent to the issuance of the District’s 2008 Bonds, the District has failed to generate sufficient property tax revenue under the maximum debt mill levy of 50 mills (as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2000) to pay in full the accruing interest on all District debt. Thus, the District has only transferred amounts to BVMD1 from its general fund each year since 2008 as follows:

Cash Payments to BVMD1 Under DFCSA							
Year		Year		Year		Year	
2008	\$ 205,142	2013	\$ 40,280	2018	\$ 58,284	2023	\$ -
2009	61,334	2014	30,112	2019	63,218	2024	-
2010	112,685	2015	30,626	2020	73,873		
2011	121,244	2016	41,835	2021	35,161		
2012	50,954	2017	44,553	2022	-		
						Total	\$ 969,301

Note: No cash transfers out of the District’s general fund to BVMD1 occurred prior to 2008.

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, 2024:

	Service Account	Construction Account [A]
Balance at December 31, 2023	\$ 187,822	\$ -
Cash payments to BVMD1	-	-
Net Service Costs incurred by BVMD1	-	-
Accrued interest	-	-
Balance at December 31, 2024	\$ 187,822	\$ -

Note A – As of December 31, 2020, District 1 claimed it was owed \$3,889,366 from the District under the DFCSA, which was comprised of accrued, unpaid interest under a Construction Loan Agreement (“CL Agreement”) dated July 20, 2000, as amended on December 07, 2007, between District 1 and Roark Partners, LLLP (Roark). Per an August 29, 2008 agreement between Roark and Buckhorn Valley Development, LLC (“BVD”), Roark assigned its claims against District 1 under the CL Agreement to BVD. The CL Agreement allowed District 1 to borrow up to \$9 million from Roark (which was subsequently replaced by BVD) and such CL Agreement was subject to annual renewal. A Funding Agreement Note documented the obligation created under the CL Agreement between District 1 and BVD was originally dated August 29, 2008 and matured on December 31, 2008. Per the Terms of the CL Agreement, (1) any funds borrowed by District 1 under the CL Agreement each year would be added to the balance owed under the Funding Agreement Note (which accrues compounding interest at 7% per annum) and (2) the Funding Agreement Note would mature at the end of the then current year with an option for District 1 to issue a new 12-month term Funding Agreement Note that pays off the old Funding Agreement Note. Both the Funding Agreement Note and CL Agreement were renewed annually by the

District Board through 2010 but neither the Funding Agreement Note nor the CL Agreement were renewed by the District 1 Board beginning in 2011. Due to the termination of the Note and CL Agreement between District 1 and BVD, District 1 no longer owed accrued, unpaid interest to BVD and District 1 no longer had reimbursement claims against the District under the DFSCA for interest owed by District 1 to BVD.

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, 2024, no outstanding, unpaid claims due to BV Development exist under the ARFAA. The ARFAA was cancelled subsequent to year end. See Note 12.

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 S&C Storage 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 automatically renewed on January 01, 2024 for another 12-month period.

For the 12-month period ended December 31, 2024, the District earned \$21,600 in lease fee income.

NOTE 8 – RELATED PARTIES

For the 12-month period ended December 31, 2024, none of the directors serving on the District's Board reported conflicts of interest regarding their public service on the 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.

All directors that served on the BVMD1 board had direct and/or indirect financial conflicts of interest regarding their service on BVMD1 board.

Buckhorn Valley Development, LLC (BV Development) – which is a party to the 2009 Advance and Reimbursement and Facilities Acquisition Agreement – is managed 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 served as a director on the BVMD1 board until approximately July 2022 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.

NOTE 11 – LITIGATION

On November 01, 2022, the District filed a lawsuit in Colorado’s District Court located in Eagle County against BVMD1 and 13 individuals who previously served on the District’s board at various times between May 2000 and June 2021. The District’s claims for relief are as follows:

- 1) Declare the 2003 Agreement between the District and BVMD1 invalid;
- 2) Compel BVMD1 to provide a full accounting of how the District’s property tax and other revenues was spent by BVMD1 - especially in regards to \$211,964 in unspent District funds reported by BVMD1 (for which BVMD1 also reports related cash balances significantly lower than \$211,964);
- 3) Restore to the District all public funds transferred from the District to BVMD1 and misused by BVMD1 for other than valid public purposes;
- 4) Disgorge all personal financial benefits realized from the misuse of the District’s property tax and other public revenues by former directors who served on the District’s board and by directors who served on BVMD1’s board;
- 5) Reverse the actions of the BVMD1 board (the members of which have conflicts of interest through business relationships and/or employment relationships with BV Firewheel) to forgive a significant portion of unpaid water fees owed by BV Firewheel to BVMD1; and
- 6) Invalidate recent changes to water rates set by the BVMD1 Board and paid by all property owners within the District.

In February 2023, BVMD1 filed in District Court counterclaims against the District claiming (1) the District breached the 2003 Agreement and (2) the District’s actions are in violation of its Service Plan. BVMD1 also requested District Court grant BVMD1 injunctive relief and place the District under a court-appointed receiver. District Court denied BVMD1’s requested relief and BVMD1’s request to place the District under receivership.

In July 2023, District Court dismissed the District’s claims against the 13 individuals but denied BVMD1’s motion to dismiss the District’s claims against BVMD1.

A jury trial was held the week of June 24th. As a result of that trial, Eagle County District Court issued a ruling on July 11, 2024 stating (1) the DFSCA is a valid agreement, (2) District 1 breached the DFSCA, (3) damages totaling \$494,507 was awarded to the District against District 1 due to District 1’s breach of the DFSCA and (4) District 1’s counterclaim that the District breached the DFSCA by terminating the DFSCA and not remitting funds to District 1 per the terms of the DFSCA was denied.

On August 22, 2024, the District filed a notice of appeal regarding District Court’s rulings that (1) the Colorado Governmental Immunity Act applied to the 13 individuals against whom the District had filed claims and (2) the DFSCA did not violate the Special District Act (Title 32).

NOTE 12 – SUBSEQUENT EVENTS

On June 04, 2025, the District entered into a settlement agreement with BVMD1 whereby both parties agreed to enter into an amended and restated DFCSA and both parties agreed to bear their own costs and attorney fees related to the litigation that existed between the two parties. In addition, both parties agreed to release and discharge all claims against each other – including the \$494,507 award granted by District Court to the District against BVMD1 – and the District and BVMD1 mutually agreed to dismiss all remaining unresolved litigation claims that remain with District Court. The ARFAA was also effectively cancelled through this settlement agreement. The District also agreed to dismiss all claims filed in Colorado Court of Appeals against BVMD1.

On June 03, 2025, the District entered into a settlement agreement with David Garton Jr whereby (1) the District agreed to release and discharge all of its claims against David Garton, Jr., Sande Garton, Robert Kingston, Mallie Kingston, Samantha Gale, Stephen Kelley, Scott Green, John Hill, Gayl Hill, and Anna Maria Ray (“Individuals”) and (2) David Garton, Jr. agreed to accept \$1 million in cash in exchange for settling in full all outstanding principal and accrued interest (totaling \$10,086,171 as of June 03, 2025) on the 2008 bonds. The District and the Individuals also agreed to (1) bear their own costs and attorney fees related to the litigation and (2) unconditionally release each other from any and all claims and future claims against each party that are in any way related to the lawsuit.

On June 04, 2025, the District, BVMD1 and (as a third-party beneficiary) BV Firewheel entered into an amended and restated DFCSA (“DFCSA2”). Key terms of the DFCSA2 include the following:

- The District agreed to remit to BVMD1 no less than \$75,000 from the proceeds of a planned refinancing of the District’s debt in 2025 and such proceeds are to be used by BVMD1 for the purpose of funding repairs to the BVMD1 Irrigation System;
- Beginning in 2025, the District will create an enterprise fund for the purpose of holding funds that are dedicated to funding the maintenance and operation of the Irrigation System;
- On the first 142 of the remaining 381 undeveloped lots within the District, the District will levy a facility fee at the rate of \$2,750 per lot on 72 multi-family home lots (Village at Buckhorn), \$4,500 per lot on 30 single family home lots (Village at Buckhorn) and \$4,175 per lot on single family home lots (Phase 9 and Phase 10), which amounts to \$500,000 in total facility fee revenue – all of which is pledged by the District to the repayment of the District’s outstanding debt. The fee is due to the District at the time of either (1) a lot is sold by BV Firewheel to a third party or (2) a certificate of occupancy is issued on the lot.
- On the remaining 239 of the 381 undeveloped lots within the District, the District will levy a facility fee at the rate of \$10,000 per lot, which amounts to \$2,390,000 in total facility fee revenue – all of which is pledged by the District to the repayment of the District’s outstanding debt. The fee is due to the District at the time of either (1) a lot is sold by BV Firewheel to a third party or (2) a certificate of occupancy is issued on the lot.
- On the remaining 239 of the 381 undeveloped lots within the District, the District will levy a capital fee at the rate of \$5,000 per lot, which amounts to \$1,195,000 in total capital fee revenue – all of which is to be deposited into the District’s enterprise fund. The fee is due to the District at the time of either (1) a lot is sold by BV Firewheel to a third party or (2) a certificate of occupancy is issued on the lot.

- Beginning in 2026, the District will assume ownership and maintenance responsibilities from BVMD1 of 67.66 acres of open space located within the District.
- Beginning in 2027, BVMD1 shall assign to the District BVMD1's membership in the Eagle River Pump Station Operations & Maintenance Agreement, and the District's President shall be appointed to replace the BVMD1 board member as representative on the board of directors of the Eagle River Pump Station Corporation, Inc. The District will also assume the employment of BVMD1's employees (currently one full time and one part-time employee) who maintain the Irrigation System.
- Beginning January 01, 2028, the District will assume ownership and management of the Irrigation System from BVMD1, which will include (1) levying operations fees and/or additional property taxes to fund the operation of the Irrigation System and (2) maintaining and operating the Irrigation System. BVMD1 will no longer levy operations fees on the property owners in the District as of January 01, 2028. The District will also begin to remit annually to BVMD1 sufficient funds to allow BVMD1 to perform its basic government functions.
- BVMD1 will be dissolved upon the earlier of either (1) the full payoff of the District's bond debt or (2) completion of the development of the remaining 381 lots within the District. Until the dissolution of BVMD1 occurs, BVMD1 will hold all water rights acquired by BVMD1 on February 20, 2008 pertaining to the Irrigation System.

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, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 1,187,300	\$ 1,193,768	\$ 6,468
Specific ownership taxes	59,400	57,949	(1,451)
Net investment income	11,000	10,070	(930)
Total Revenues	<u>1,257,700</u>	<u>1,261,787</u>	<u>4,087</u>
EXPENDITURES			
Direct and indirect collection costs	87,200	79,798	7,402
Debt service			
Bond interest	1,193,900	1,166,816	27,084
Bond principal	-	-	-
Total Expenditures	<u>1,281,100</u>	<u>1,246,614</u>	<u>34,486</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,400)</u>	<u>15,173</u>	<u>38,573</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(23,400)</u>	<u>15,173</u>	<u>38,573</u>
FUND BALANCE – BEGINNING	<u>28,400</u>	<u>3,478</u>	<u>(24,922)</u>
FUND BALANCE – END OF YEAR	<u>\$ 5,000</u>	<u>\$ 18,651</u>	<u>\$ 13,651</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, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Indirect collection cost allocation	\$ 49,000	\$ 43,300	\$ 5,700
Administrative costs	-	-	-
Collection fees – County Treasurer	35,700	35,848	(148)
Legal fees	-	-	-
Bond paying agent fees	500	650	(150)
Miscellaneous costs	2,000	-	2,000
Total Direct and Indirect Collection Costs	\$ 87,200	\$ 79,798	\$ 7,402

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, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ -	\$ -	\$ -
Other	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
Fund management costs	-	-	-
Capital projects			
Major capital projects	30,000	-	30,000
Total Expenditures	30,000	-	30,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	-	(30,000)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	144,300	-	144,300
Total Other Financing Sources (Uses)	144,300	-	144,300
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	114,300	-	114,300
FUND BALANCE – BEGINNING OF YEAR	-	-	-
FUND BALANCE – END OF YEAR	\$ 114,300	\$ -	\$ 114,300

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, 2024

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

Year Ended Dec. 31,	General Obligation Bonds Series 2003			General Obligation Bonds Series 2010			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 2,055,000	\$ 1,031,711	\$ 3,086,711	\$ 1,543,000	\$ 4,281,065	\$ 5,824,065	\$ 3,598,000	\$ 5,312,776	\$ 8,910,776
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
	\$ 2,055,000	\$ 1,031,711	\$ 3,086,711	\$ 7,243,000	\$ 8,678,115	\$ 15,921,115	\$ 9,298,000	\$ 9,709,826	\$ 19,007,826

Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st. No debt to maturity schedule 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, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes Collected		Percent Collected to Levied
		Operations	Debt	Levied	(Note A)	
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	849,242	100.0%
2023	14,171,560	7.000	56.057	893,600	893,804	100.0%
2024	20,418,930	5.098	58.149	1,291,400	1,298,427	100.5%
2025	21,244,620	5.465	60.902	1,409,900	[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, 2024

	2023 Mill Levy *	2024 Mill Levy **	Change
Buckhorn Valley Metropolitan District No. 2	63.057	63.247	(0.190)
Eagle County School District	22.317	19.452	2.865
Eagle County	8.399	7.686	0.713
Gypsum Fire Protection District	11.084	8.885	2.199
Town of Gypsum	3.943	4.584	(0.641)
Colorado Mountain College	2.977	2.907	0.070
Mountain Recreation Metro District	3.550	3.285	0.265
Eagle Valley Library District	1.913	2.487	(0.574)
Eagle County Health Service District	2.753	2.495	0.258
Colorado River Water Conservation District	0.500	0.451	0.049
Cedar Hill Cemetery District	0.370	0.441	(0.071)
Total Mill Levy (Tax Area 459)	120.863	115.920	4.943

* -- For property tax collections in 2024

** -- For property tax collections in 2025

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

HISTORICAL DEBT RATIOS

December 31, 2024

	2019	2020	2022	2023	2024
General Obligation Bonds	\$ 14,746,836	\$ 14,746,836	\$ 14,746,836	\$ 14,746,836	\$ 14,746,836
Accrued, unpaid interest - Bonds	\$ 6,535,196	\$ 7,172,781	\$ 7,836,409	\$ 8,453,786	\$ 8,707,433
Restricted Cash in Bond Funds	(\$ 4,642)	\$ -	\$ -	(\$ 35,720)	(\$ 1,497)
Combined assessed property values within the District	\$12,485,990	\$ 13,851,090	\$14,171,560	\$ 20,418,930	\$ 21,244,620
Ratio of debt to assessed property values	170.4%	158.3%	159.4%	113.4%	110.4%

Exhibit C

Adoption of Policies and Procedures Policy

RESOLUTION
OF THE BOARD OF DIRECTORS OF THE
BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2

Establishing Policies Regarding the Adoption of Policies and Procedures (“Policy”)

WHEREAS, Buckhorn Valley Metropolitan District No 2 (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, the Board may, from time to time, adopt certain policies as may be necessary to facilitate the efficient operation of the District, including the clarification of ambiguous provisions in other documents, or as may be required by law; and

WHEREAS, Section 32-1-903(2), C.R.S., requires the District to publish and post notice of the time and place of designated regular and special meetings on the District’s website (www.buckhornvalleymetro2.org) at least 72 hours prior to the said meeting; and

WHEREAS, Section 24-6-402(2)(c), C.R.S., requires the District to publish and post all regular and special board meeting agendas at the District’s designated public posting location (www.buckhornvalleymetro2.org) prior to each said meeting; and

WHEREAS, the District Board of Directors (“Board”) wishes to set forth its policy for adopting policies and procedures for purposes of complying with the Colorado Law and promoting transparency between the District and its constituents whom it serves;

WHEREAS, the Board desires to adopt this Policy.

NOW, THEREFORE, the Board hereby RESOLVES:

1. **Scope.** The Board may, from time to time, adopt certain Policies as may be necessary to facilitate the efficient operation of the District. For purposes of this Policy, the term “policy” or “policies” include policies, procedures, rules, regulations or guidelines.

2. **Drafting Procedure.**

The Board shall consider the following in drafting the Policy:

- A. Whether the governing documents or Colorado law grants the Board the authority to adopt such a Policy;
- B. The need for such policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and
- C. The immediate and long-term impact and implications of the policy.

3. **Adoption Procedure.**

Any proposed policy or policy amendment submitted to the Board for review and consideration shall be included on the regular or special board meeting agenda and posted on the District’s website 72 hours prior to the board meeting. In addition, prior to any such board meetings, any requests from the public for a copy of the proposed policy or policy amendment shall be promptly provided by the District’s Managing Agent.

Upon adoption of a policy, the policy or notice of such policy (including the effective date) shall be provided to all Owners of the Property, by any reasonable method as determined by the sole discretion of the Board, including but not limited to posting on the District’s website.

4. **Deviations.**

The District may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

5. **Definitions.**

Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

6. **Supplement to Law.**

The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the District and Property.

7. **Severability.**

If any term, condition or provision of this Policy shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Policy, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Policy a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

ADOPTED this 19th day of November 2024.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2

DocuSigned by:
Nick Viau
6844158BB1948E...
Nickolas Viau, Board President

ATTEST:

DocuSigned by:
Eliana Walker
24B7825AEF8E419
Eliana Walker, Board Secretary

Exhibit D

Conflicts of Interest Policy

RESOLUTION
OF THE BOARD OF DIRECTORS OF THE
BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2
Establishing Policies Regarding Conflicts of Interest ("Policy")

WHEREAS, Buckhorn Valley Metropolitan District No. 2 (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, Section 18-8-308, C.R.S., identifies the penalties imposed on a public servant for failure to disclose a conflict of interest; and

WHEREAS, Section 24-18-104, C.R.S., provides rules of conduct for all public officers, local government officials, and employees; and

WHEREAS, Section 24-18-105, C.R.S., provides ethical principles for public officers, local government officials, and employees; and

WHEREAS, Section 24-18-109, C.R.S., provides certain rules of conduct for local government officials and employees; and

WHEREAS, Section 32-1-902(3)(b), C.R.S., provides certain rules regarding board member compensation and voting on issues where a board member has a conflict of interest; and

WHEREAS, Section 32-1-1001(d)(II), C.R.S., provides certain rules and restrictions regarding contracts between the District and a board member (or an entity controlled by a board member); and

WHEREAS, the District Board of Directors ("Board") wishes to set forth this Policy for defining conflicts of interest, monitoring and managing conflicts of interest and establishing a code of ethics for purposes of complying with the Colorado Law and maintaining the confidence of District residents in its elected Board;

WHEREAS, the Board desires to adopt this Policy.

NOW, THEREFORE, the Board hereby RESOLVES:

1. General Duty.

The Board shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties within the District. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the District. All Directors shall comply with all lawful provisions of the Declaration, Design Guidelines, this Policy and Colorado Law.

2. Definitions.

"Confidential District Information" includes (a) phone numbers and emails of district residents and homeowners that has been collected by the District and for which no express permission has been provided by the owners to disclose such information to the general public, (b) information and opinions discussed by Board members in an executive session, and (c) information and Board communications that are subject to attorney/client privilege. Property account balances with the District are not considered confidential information. However, communications and information connected to any lawsuits filed against homeowners regarding non-compliance with the Declaration is considered Confidential District Information.

"Conflicting Interest Transaction" includes (a) a contract, transaction, or other financial relationship between the District and (i) a Director, (ii) a Party Related to a Director, (iii) an entity in which a Director is a director or

officer or has a significant financial interest¹ or (iv) an entity which has significant contractual business relationships with an entity in which a Director is a director or officer or has a significant financial interest² and (b) a contract, transaction, or other financial relationship between a Director and a person or entity who has filed a lawsuit against the District or is threatening to file a lawsuit against the District.

"Director" means a member of the District's Board of Directors;

"Party Related to a Director" means a spouse, spousal equivalent, dependent, an estate or trust in which the Director or a Director's spouse, spousal equivalent, or dependent has a beneficial interest, or an entity in which a Director's spouse, spousal equivalent, or dependent is a director or officer has a significant financial interest.

3. **Disclosure of Conflict.**

Directors are responsible for ensuring conflict of interest disclosures filed with the Colorado Secretary of State are complete and accurate. Directors shall contact and consult with the District's attorney regarding all potential Conflicting Interest Transactions. All Conflicting Interest Transactions must be separately identified and disclosed within the conflict of interest disclosure filed with the Colorado Secretary of State.

At the beginning of each board meeting, Directors shall verbally disclose whether they are party to any existing Conflicting Interest Transaction or may become party to a Conflicting Interest Transaction depending on the outcome of business to be conducted by the Board at the meeting. Directors shall be prohibited from voting on matters related to existing Conflicting Interest Transactions and matters that may create a Conflicting Interest Transaction (for example, approving a service contract, loan or other financial transaction with a Director-owned company or employer of a Director). Director(s) who are party to such transactions (or potential transactions) shall not participate in nor be present for any Board discussions on such matters. The minutes of the meeting shall reflect the disclosures made by Directors, the abstention from voting, the composition of the quorum and record who voted for and against any matter regarding a Conflicting Interest Transaction.

4. **Conflicting Interest Transaction.**

Conflicting Interest Transactions shall only be considered by the Board after the facts regarding the Conflicting Interest Transaction are disclosed to the Board. A majority of the disinterested Directors, even if less than a quorum, in good faith may approve a Conflicting Interest Transaction.

5. **Code of Ethics.**

In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:

- A. No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
- B. No contributions will be made to any political parties or political candidates by the District.
- C. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person³ who is seeking to obtain contractual or other business or financial relationship with the District.
- D. No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.

¹ Significant financial interest refers to the significance of the interest to the entity (as opposed to the person who owns the interest) and does not necessarily need to be a majority ownership interest.

² Significant financial interest refers to the significance of the interest to the entity (as opposed to the person who owns the interest) and does not necessarily need to be a majority ownership interest.

³ This includes homeowners who are submitting design request forms to the Board for review and consideration.

- E. No loans shall be made by the District to its Directors or Officers.
- F. No Director shall interfere with a contractor engaged by the District while a contract is in progress. All communications with District contractors shall go through the Board President or be in accordance with this Policy.
- G. No Director shall harass, threaten, or attempt through any means to control or instill fear in any Owner, Director or agent of the District.
- H. Directors shall refrain from representing to anybody that they individually can speak on behalf of the entire Board regarding any matters that must be voted on by the entire Board. Directors are expressly prohibited from executing any contract or transaction or approving/denying any design request form without first allowing the Board to vote on the matter.
- I. Any Director convicted of a felony shall be removed from the Board as required per 32-1-905(1) CRS.
- J. No Director shall knowingly misrepresent any facts to any District resident, Director, contractor or other person or entity to whom the District provides services or with whom the District conducts business or may conduct business.
- K. Directors shall not disclose Confidential District Information to any person or entity without first obtaining Board approval.

6. **Director Compensation.**

No Director shall receive any compensation as an employee of the District. However, each Director may receive as compensation for the Director's service a sum not in excess of \$1,600 per annum, payable not to exceed \$100 per meeting attended.

Board approval of the budget (which includes approval of the per-meeting stipend) and any subsequent amendments thereto are binding on the Directors. Directors shall not subsequently lay claim to a higher meeting stipend than what was ratified by the Director at the budget meeting.

7. **Deviations.**

The District may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

8. **Definitions.**

Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

9. **Supplement to Law.**

The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the District and the Property.

10. **Severability.**

If any term, condition or provision of this Policy shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Policy, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Policy a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

ADOPTED this 19th day of November 2024.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2

DocuSigned by:

Nick Viau

68444158BB1948E

Nickolas Viau, Board President

ATTEST:

DocuSigned by:

Eliana Walker

24B7825AEF8F419...

Eliana Walker, Board Secretary

Exhibit E

Meeting Conduct Policy

RESOLUTION
OF THE BOARD OF DIRECTORS OF THE
BUCKHORN VALLEY METROPOLITAN DISTRICT NO 2
Establishing Policies Regarding Meeting Conduct (“Policy”)

WHEREAS, Buckhorn Valley Metropolitan District No. 2 (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, Section 24-6-402, C.R.S., provides rules and regulations regarding the conduct of public meetings and executive sessions; and

WHEREAS, Section 32-1-905(1)(g), C.R.S., provides rules regarding the removal of absentee directors; and

WHEREAS, the District Board of Directors (“Board”) wishes to set forth its policy regarding the conduct and operation of board meetings for the purposes of complying with the Colorado Law and promoting efficient meetings, transparency with the public and respect of meeting attendees;

WHEREAS, the Board desires to adopt this Policy.

NOW, THEREFORE, the Board hereby RESOLVES:

1. **Rules of Conduct – Public Comment Session.**

The public comment session of board meetings shall be governed by the following rules of conduct and order:

- A. All persons who attend a meeting of the Board shall be required to sign in, listing their name and unit address.
- B. All persons will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner forum at the beginning of the meeting. Any person wishing to speak during the public comment session shall so indicate at the time of sign in.
- C. Anyone desiring to speak shall first be recognized by the Chair.
- D. Only one person may speak at a time.
- E. Each person speaking shall first state his or her name and property address.
- F. Any person who is represented by another person as indicated by a written instrument at the meeting shall be permitted to have such person speak for them.
- G. Those addressing the Board shall be permitted to speak without interruption from anyone (including the Board) as long as these rules are followed.
- H. Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.
- I. Each person shall be given up to a maximum of five minutes to speak or to ask questions, although questions may not be answered by the Board until a later date. Each person may only speak (1) once during the public comment session and (2) once on any other issue prior to a vote by the Board on such issue. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may

be increased (but not decreased) by the Chair but shall be uniform for all persons addressing the meeting.

2. **Process for Review and Consideration of Each Meeting Agenda Item.**

The Chair shall manage the comment process for each agenda item as follows:

- A. **Director Comment Period:** The Chair shall ask if any Directors have comments on the current agenda item. Each Director who indicates he/she wants to speak during the comment session may do so uninterrupted by any other Directors. The Chair is responsible for setting the time limit for each Director's comment period.
- B. **Public Comment:** For each agenda item requiring a Board vote, the Chair shall open the floor to the public for comment. Persons who wish to comment will be limited to 3 minutes (uninterrupted by the Board or other meeting attendees) unless more time is allotted by the Chair.
- C. **Open Board Discussion:** The Chair shall close the floor to the public and open the floor to the Board for open discussion of the agenda item. The Chair is responsible for setting the time limit for the open discussion period.
- D. **Voting:** The Chair shall manage the voting process for all Board actions. The Chair shall recognize all Director requests to call for a vote on the current agenda item by asking for a motion and a second. If a motion and second are offered by two Directors, the Chair shall call on the Board to vote on the motion. The Chair can also make motions and can vote.

3. **Rules of Conduct - Directors.**

At all meetings, Directors shall be governed by the following rules of conduct and order:

- A. The President of the District shall chair all Board meetings. If the President is not present at a board meeting, the Treasurer shall chair the meeting. If neither the President nor the Treasurer are present at a board meeting, the Board shall appoint a chairperson at the beginning of the meeting.
- B. Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.
- C. Any Director disrupting the meeting, as determined by the Chair, shall be asked to "come to order." The Chair shall request any Director who does not come to order to immediately leave the meeting. For any situation where a disruptive director refuses to leave a meeting, the Chair may either (1) permanently adjourn the meeting, or (2) temporarily adjourn the meeting until police arrive and escort the disruptive director away.

4. **Director Meeting Attendance.**

- A. At each meeting, the Board must vote whether to classify a Director's absence as "excused" or "unexcused." Absences due to temporary mental or physical disability or illness is considered an "excused" absence. The Board may request absent directors to produce documentation supporting mental or physical disability or illness.
- B. Directors who fail to attend three or more regular meetings and such absences are unexcused will be automatically removed from the Board.
- C. Directors may not vote by proxy at any meeting and may not send a representative in his/her place.

5. **Audio and Video Recordings of Meetings.**

- A. The Board may agree to audio, video or otherwise record the meeting to aid in the preparation of minutes. The Board must notify any persons from the public who are attending the meeting that the meeting is being recorded by the Board.
- B. Members of the public who attend the meeting are not allowed to audit or video record any portion of the meeting unless they notify the Board at the beginning of the meeting. The Board shall designate the position and location of the person's recording device. The Chair may dismiss any person at the meeting who fails to comply with this rule or otherwise adjourn the meeting.

6. **Executive Session.**

- A. An executive or "closed" session may only be called by an affirmative vote of two-thirds of the quorum present.
- B. Executive sessions should be noted on the agenda for all meetings whenever possible.
- C. The Chairman of the Board must announce, and the minutes reflect, one of the following topics of discussion for a valid executive session:
 - i. Purchase, acquisition, lease, transfer, or sale of any property interest. (Note: Not available where a member of the Board has a personal interest in the transaction.)
 - ii. Conferences with the District's attorney regarding legal advice on specific legal questions.
 - iii. Confidential matters pursuant to state or federal law. (Note: Must announce specific citation to the applicable law.)
 - iv. Security arrangements or investigations.
 - v. Negotiations.
 - vi. Items concerning mandatory nondisclosure under the Open Records Act;
 - vii. Discussion of individual homeowners where public disclosure would adversely affect the person.
- D. Discussions that occur in an executive session shall be electronically recorded, including the specific citation to the Colorado Revised Statutes that authorizes the Board to meet in an executive session and the actual contents of the discussion during the session.
- E. The Board shall not take any formal action (vote) on any matter while in executive session

7. **Deviations.**

The District may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

8. **Definitions.**

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9. **Supplement to Law.**

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10. **Severability.**

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ADOPTED this 19th day of November 2024.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

DocuSigned by:
Nick Viau
68444158BB1048E...

Nickolas Viau, Board President

ATTEST:

DocuSigned by:
Eliana Walker
24B7825AEF8F410...

Eliana Walker, Board Secretary