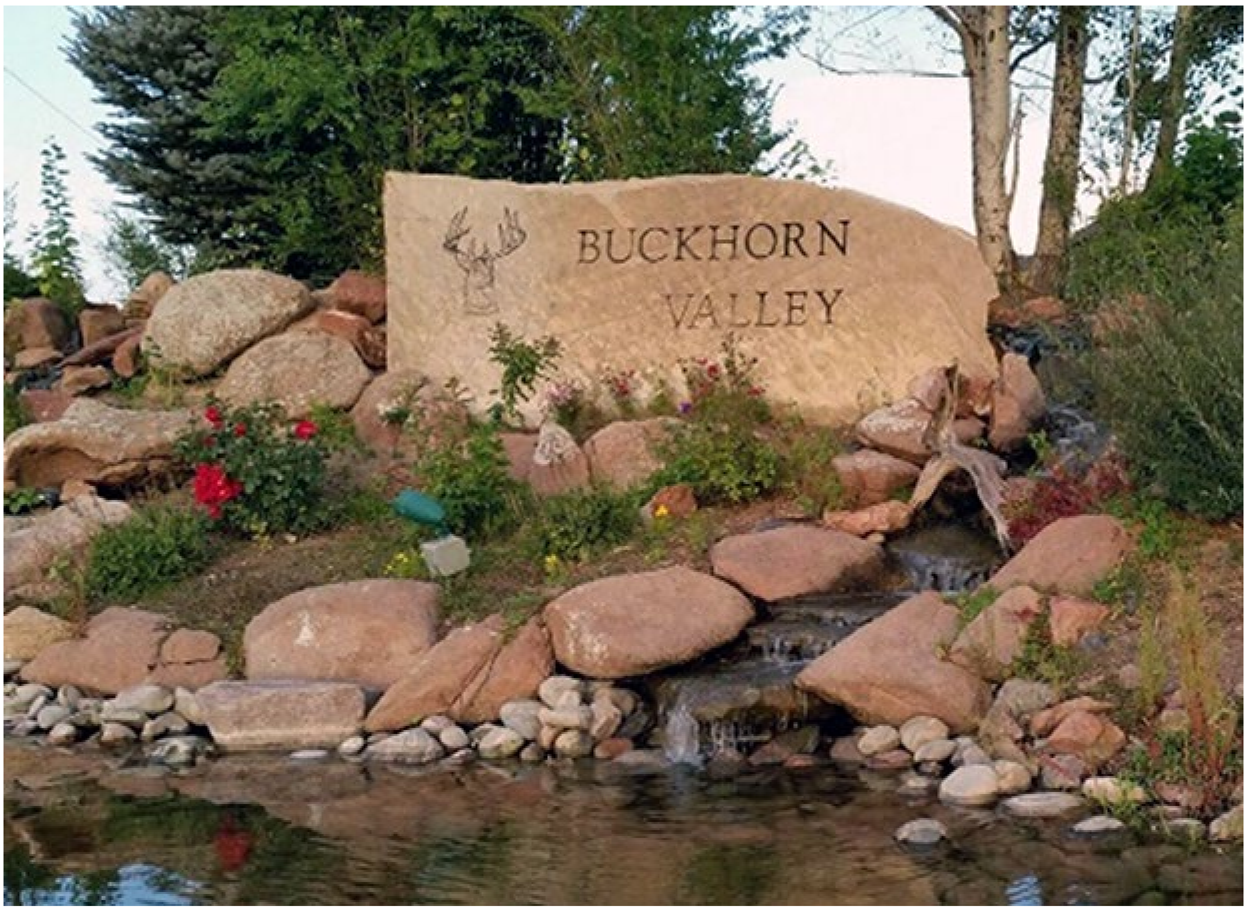
Buckhorn Valley

Metropolitan District No 2

TOWN OF GYPSUM
EAGLE COUNTY, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

July 29, 2022

To the Board of Directors
Buckhorn Valley Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Buckhorn Valley Metropolitan District as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express so such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major funds of Buckhorn Valley Metropolitan District, as of December 31, 2021 and the respective changes in financial position and the budgetary comparison for the General Fund, Debt Service Fund and Capital Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Buckhorn Valley Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

B F Borgan CPA PC

Certified Public Accountants
Lakewood, CO

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

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

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

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

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

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

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

	General Fund	Debt Service Fund	Capital Projects Fund	Total Government Funds
ASSETS				
Cash and investments	$ 7,161	$ -	-	$ 7,161
Cash and investments - Restricted	-	7,817	-	7,817
Accounts receivable – spec ownership taxes	-	-	-	-
Property taxes receivable	94,300	754,700	-	849,000
Receivable due from BV Metro 1	262,598	-	-	262,598
Prepaid expenses	-	-	-	-
TOTAL ASSETS	**364,059**	**762,517**	**-**	**1,126,576**
LIABILITIES				
Accounts payable and accrued liabilities	-	7,817	-	7,817
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	94,300	754,700	-	849,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	94,300	762,517	-	856,817
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	8,400	-	-	8,400
Debt service	-	-	-	-
Non-spendable	-	-	-	-
Unrestricted	261,359	-	-	261,359
Total Fund Balances	269,759	-	-	269,759
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 364,059**	**$ 762,517**	**-**	

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	(7,172,781)
Net position of governmental activities	**$ (21,635,458)**

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

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

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

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

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	$	37,811
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payment on bonds		-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued bond interest payable		(639,003)
Changes in net position of governmental activities	**$**	**(601,192)**

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

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

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

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

NOTE 1 – DEFINITION OF REPORTING ENTITY

Buckhorn Valley Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 15, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a consolidated service plan (which also governs Buckhorn Valley Metropolitan District No. 1) approved by the Town of Gypsum (Town) on January 11, 2000 and amended and restated with Town approval on June 28, 2005 and July 14, 2009. The District's service area is located in Eagle County, Colorado entirely within the boundaries of the Town and is comprised of approximately 368 acres of land zoned for residential development. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

> The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

Budgets

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

Pooled Cash and Investments

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

Investments are carried at fair value.

Property Taxes

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

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

Specific Ownership Taxes

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:		
Cash and investments – unrestricted		14,978
Cash and investments – restricted		-
Total cash and investments	**$**	**14,978**

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

Deposits with financial institutions	$	-
Investments		14,978
Total cash and investments	**$**	**14,978**

Deposits with Financial Institutions

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

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

Investments

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

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

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

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

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

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

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

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	$ 14,978

CSAFE

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

NOTE 4 – PUBLIC LAND / FACILITIES

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

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

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

NOTE 5 – LONG-TERM DEBT

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

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

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

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

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

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

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

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

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

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

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

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

Amounts on deposit in the Series 2010 Reserve Fund and 2010 Surplus Fund secures payment of the Series 2010 Bonds. After payment of any amounts due on the Series 2003 Bonds, any remaining Senior Pledged Revenue (defined below), if any, is to be used to fund (1) the 2010 Surplus Fund up to the Maximum Surplus Amount of $500,000 and then (2) the 2010 Reserve Fund up to the 2010 Reserve Requirement of $300,000. Any Senior Pledged Revenue remaining after fully funding the 2010 Reserve Fund and 2010 Surplus Fund ("Excess Senior Pledged Revenue") is to be applied towards the repayment of the Subordinate Bonds. As of December 31, 2021, the cash balance held in the 2010 Reserve Fund and 2010 Surplus Fund was $0 and $0, respectively.

Repayment Terms - Series 2003 Bonds and Series 2010 Bonds

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

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

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

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

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

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

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

On May 19, 2017, the District issued Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2017B in the amount of $8,500,000. The stated interest rate on the Subordinate Bonds is 6.00% (simple interest) per annum, and the Bonds are payable annually on December 15, beginning December 15, 2008, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 1, 2038. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

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

Bond proceeds	$	8,500,000
Less:		
Underwriter's discount	(	199,980)
Net bond proceeds available for funding costs of public improvements within and without the District	**$**	**6,466,020**

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

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

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

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

Debt Authorization – TABOR

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

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

	Voter Authorization Per May & Nov 2000 Election	Authorization Used			Voter Authorization Expired	Authorization Remaining at Dec. 31, 2021
		Series 2007 Bonds	Series 2008 Subordinate Bonds	Series 2010 Bonds		
Water	$ 15,960,000	$1,125,000	$3,443,301	943,600	$10,448,099	$ -
Parks and recreation	7,980,000	-	570,895	202,000	7,207,105	-
Sanitation	6,650,000	375,000	1,156,211	640,500	4,478,289	-
Streets	6,000,000	1,000,000	2,761,387	1,583,900	654,713	-
Traffic and safety	2,000,000	-	22,638	-	1,977,362	-
Television relay	1,000,000	-	41,793	-	958,207	-
Mosquito control	500,000	-	-	-	500,000	-
Operations	5,500,000	-	503,775	-	4,996,225	-
Intergov. agreements	42,560,000	-	-	-	42,560,000	-
Subtotal	**88,150,000**	**2,500,000**	**8,500,000**	**3,370,000**	**73,780,000**	**-**
Refunding of debt	42,560,000	-	-	4,000,000	38,560,000	-
Total	**$130,710,000**	**$2,500,000**	**$8,500,000**	**$7,370,000**	**$112,340,000**	**$ -**

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

Debt Authorization – Service Plan

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

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

Authorized maximum debt issuance per Service Plan	$	26,000,000
Less:		
Series 2007 G.O. Bonds	(	2,500,000)
Series 2008 Subordinate G.O. Bonds	(	8,500,000)
Series 2010 G.O. Bonds	(	7,370,000)
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)

Correction of Error

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

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

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

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

The District's beginning net position (deficit) has been restated to reflect these adjustments to the District’s December 31, 2020 Statement of Net Position. The effect of these adjustments on the District’s reported net deficit as of December 3,1 2020 is as follows:

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

Restricted Net Position

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

Non-Spendable Net Position

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

Unassigned Net Position

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

NOTE 7 – CONTRACTUAL AGREEMENTS

District Facilities Construction and Service Agreement (DFCSA)

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

Other terms of the DFCSA include the following:

- Per section 6.2.g, the District agrees to not attempt to provide any public services or facilities to the residents of the District until it first allows BVMD1 the opportunity to provide such services and public facilities to such individuals (all of whom reside outside of BVMD1's boundaries);

- Per section 6.2.g, the District agrees to not exercise any revenue raising powers generally granted to all metro districts under Colorado statutes (CRS 32-1-1001(j)) without first obtaining the consent of BVMD1;

- Per section 6.2.h, the District agrees to allow BVMD1 to change service fees charged by BVMD1 to District residents without obtaining consent from the District;

- Per section 5.7d, the District relinquishes its taxation powers over all property within the District's boundaries to BVMD1 – which is controlled by a board of directors, none of whom are subject to election or recall by those who reside within or otherwise pay taxes to the District.

- Per section 3.8, the District agrees to pay all BVMD1 claims accrued under the DFCSA even if any court declares the DFCSA invalid due to failures by the BVMD1 board to disclose conflicts of interest in compliance with applicable Colorado disclosure laws.

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

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

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

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

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

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

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

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

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

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

Advance and Reimbursement and Facilities Acquisition Agreement

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

ALL BV Development claims accrued under the ARFAA are subordinate to any bonded indebtedness of the District now in existence or hereafter created and shall be subject to the limitations of the District's Service Plan. The payment of claims under the ARFAA are subject to annual appropriation by the Board of Directors of the District in its sole discretion, and the terms and conditions of the ARFAA shall not be construed as a multiple-fiscal year direct or indirect District debt or other financial obligation within the meaning of Article X, Section 20 of the Colorado Constitution.

As of December 31, 2021, no outstanding, unpaid claims due to BV Development exist under the ARFAA.

Management Services Agreement with Colorado Land Management, LLC

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

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

Land Lease Agreement / Storage Lot

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

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

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

NOTE 8 – RELATED PARTIES

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

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

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

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

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

- One BVMD1 director received compensation from Colorado Land Management, LLC in excess of $100,000 annually and Colorado Land Management, LLC is contracted by BVMD1 to provide management services for both BVMD1 and the District. This BVMD1 director also served on the District's board from November 2008 through the date of the District's 2021 recall election. This BVMD1 director is also vice president of BV Firewheel, LLC, which owns all remaining developable land within the District.

- One BVMD1 director's mother is employed by International Capital, LLC and serves as the asset manager of BV Firewheel, LLC, the primary owner of undeveloped land within the District. The director's mother is also the sole owner of the single-family house which comprises 100% of the land within BVMD1. All directors serving on the BVMD1 board have entered into purchase option contracts regarding this single-family house with this director's mother to qualify themselves to serve as directors on the BVMD1 board.

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

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

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

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

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

NOTE 9 – RISK MANAGEMENT

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

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

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

NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

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

SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2021

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

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

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, 2021

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

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

OTHER SUPPLEMENTARY INFORMATION

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2021

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

* -- For property tax collections in 2022

** -- For property tax collections in 2021

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2

HISTORICAL DEBT RATIOS

December 31, 2021

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