BUCKHORN VALLEY
METROPOLITAN DISTRCT NO. 1

FINANCIAL STATEMENTS
December 31, 2025

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Buckhorn Valley Metropolitan District No. 1
Eagle County, Colorado

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Buckhorn Valley Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Buckhorn Valley Metropolitan District No. 1 as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Buckhorn Valley Metropolitan District No. 1, and to meet our 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 the 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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.

Required Supplementary Information

Management has not presented the management's discussion and analysis that governmental 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 operational, economic, or historical context. Our opinion is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – general fund on pages 22 – 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buckhorn Valley Metropolitan District No. 1's basic financial statements. The accompanying budgetary comparison schedule - (non-GAAP basis) with reconciliation to GAAP basis for the enterprise fund is presented for purposes of 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 budgetary comparison – (non-GAAP basis) with reconciliation to GAAP basis – enterprise fund is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 22, 2026

BASIC FINANCIAL STATEMENTS

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION
December 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	$ -	$ 26,256	$ 26,256
Internal Balances	15,091	(15,091)	-
Accounts Receivable			
Customers	-	56,535	56,535
Customers - Special Fee	-	37,274	37,274
Buckhorn Valley MD No. 2	-	14,508	14,508
Capital Assets, Not Being Depreciated	198,500	776,285	974,785
Capital Assets, Net of Accumulated Depreciation	956,606	476,256	1,432,862
TOTAL ASSETS	1,170,197	1,372,023	2,542,220
LIABILITIES			
Accounts Payable	-	118,832	118,832
TOTAL LIABILITIES	-	118,832	118,832
NET POSITION			
Net Investment in Capital Assets	1,155,106	1,252,541	2,407,647
Restricted for Emergencies	420	-	420
Unrestricted	14,671	650	15,321
TOTAL NET POSITION	$ 1,170,197	$ 1,253,191	$ 2,423,388

The accompanying notes are an integral part of the financial statements.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 89,461	$ -	$ -	$ -
Total Governmental Activities	89,461	-	-	-
Business-Type Activities				
Enterprise	636,404	388,912	75,000	-
Total Business-Type Activities	636,404	388,912	75,000	-
TOTAL PRIMARY GOVERNMENT	$ 725,865	$ 388,912	$ 75,000	$ -

GENERAL REVENUES	
Miscellaneous	
TOTAL GENERAL REVENUES	
CHANGE IN NET POSITION	
NET POSITION, Beginning	
NET POSITION, Ending	

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (89,461)	$ -	$ (89,461)
(89,461)	-	(89,461)
-	(172,492)	(172,492)
-	(172,492)	(172,492)
(89,461)	(172,492)	(261,953)
-	6,528	6,528
-	6,528	6,528
(89,461)	(165,964)	(255,425)
1,259,658	1,419,155	2,678,813
$ 1,170,197	$ 1,253,191	$ 2,423,388

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2025

	GENERAL FUND
ASSETS	
Due from Enterprise Fund	$ 15,091
TOTAL ASSETS	$ 15,091
LIABILITIES	
Accounts Payable	$ -
FUND BALANCE	
Restricted for Emergencies	420
Unassigned	14,671
TOTAL FUND BALANCE	15,091
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 15,091

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	$ 15,091
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,155,106
Total Net Position of Governmental Activities	$ 1,170,197

The accompanying notes are an integral part of the financial statements.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended December 31, 2025

	GENERAL FUND
REVENUES	
Intergovernmental	$ -
TOTAL REVENUES	-
EXPENDITURES	
General Government	
Insurance	8,598
Park Maintenance	5,370
TOTAL EXPENDITURES	13,968
NET CHANGE IN FUND BALANCE	(13,968)
FUND BALANCE, Beginning	29,059
FUND BALANCE, Ending	$ 15,091

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Change in Fund Balance of the Governmental Fund	$ (13,968)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of depreciation in the current year.	(75,493)
Change in Net Position of Governmental Activities	$ (89,461)

The accompanying notes are an integral part of the financial statements.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2025

	ENTERPRISE FUND
ASSETS	
Current Assets	
Cash and Investments	$ 26,256
Accounts Receivable	
Customers	56,535
Customers - Special Fee	37,274
Buckhorn Valley MD No. 2	14,508
Total Current Assets	134,573
Noncurrent Assets	
Capital Assets, Not Being Depreciated	776,285
Capital Assets, Net of Accumulated Depreciation	476,256
Total Noncurrent Assets	1,252,541
TOTAL ASSETS	1,387,114
LIABILITIES	
Accounts Payable	118,832
Due to General Fund	15,091
TOTAL LIABILITIES	133,923
NET POSITION	
Invested in Capital Assets	1,252,541
Unrestricted	650
TOTAL NET POSITION	$ 1,253,191

The accompanying notes are an integral part of the financial statements.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2025

	ENTERPRISE FUND
OPERATING REVENUES	
Water Service Fees	$ 388,912
Buckhorn Valley MD No. 2 Contribution	75,000
Other Revenue	6,528
TOTAL OPERATING REVENUES	470,440
OPERATING EXPENSES	
General and Administrative	211,827
Operations and Maintenance	344,306
Depreciation	80,271
TOTAL OPERATING EXPENSES	636,404
CHANGE IN NET POSITION	(165,964)
NET POSITION, Beginning	1,419,155
NET POSITION, Ending	$ 1,253,191

The accompanying notes are an integral part of the financial statements.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2025

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 493,242
Cash Received from Buckhorn Valley MD No. 2	60,492
Cash Payments to Employees	(169,534)
Cash Payments to Suppliers	(312,182)
Net Cash Provided (Used) by Operating Activities	72,018
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(50,364)
Cash paid to Other Funds	(18,450)
Net Cash Provided (Used) by Capital and Related Financing Activities	(68,814)
Increase (Decrease) in Cash and Cash Equivalents	3,204
CASH AND CASH EQUIVALENTS, Beginning	23,052
CASH AND CASH EQUIVALENTS, Ending	$ 26,256
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (165,964)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	80,271
Changes in Assets and Liabilities	
Accounts Receivable	97,802
Accounts Receivable - Buckhorn Valley MD No. 2	(14,508)
Accounts Payable	74,417
Net Cash Provided (Used) by Operating Activities	$ 72,018

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Buckhorn Valley Metropolitan District No. 1 (the "District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Eagle County on May 17, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was created in conjunction with Buckhorn Valley Metropolitan District No. 2 (District No. 2). The Districts were organized pursuant to a consolidated service plan approved by the Town Council of Gypsum, Colorado on January 11, 2000 to provide street, storm drainage, traffic and safety control, transportation, water, sanitary sewer, television relay and translator, mosquito and pest control, and park and recreation improvements and facilities within and without the Districts. On July 14, 2009, the Districts approved the amended and restated 2009 Consolidated Service Plan for Buckhorn Valley Metropolitan District Nos 1 and 2. The District's service area is located in the Town of Gypsum, Colorado.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the District's more significant accounting policies follows.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of this criteria, the District does not include additional organizations in its reporting entity, nor is the District a component unity or any other governmental entity, including District No. 2.

The District has one employee, and the majority of its operations and management functions are contracted.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of the 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 the governmental fund and the proprietary fund. Major individual 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and available for use.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the District's enterprise function and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In the fund financial statements, the District reports the following major governmental fund:

General Fund – accounts for the general operations of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The District also reports the following major proprietary fund:

Enterprise Fund - accounts for all activities necessary for providing water services to the District residents.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments – The District practices the pooling of cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited and disbursed from a single bank account. For purposes of reporting in the statement of cash flows, cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund in the fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure assets owned by the District, which include water irrigation and storm drainage systems have been capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Parks Entryway	20 years
Storm Drainage	20 years
Parks and Recreation	20 years
Abrams Creek Water Line	20 years
Water Irrigation System	5 - 20 years
Pump House	20 years

Net Position – The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This classification reflects the portion of net position that is associated with non-liquid, capital assets less outstanding capital asset related debt.
- Restricted Net Position – This classification includes amounts for which constraints have been placed on net position either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This classification includes the remaining net position that is not restricted or part of the net investment in capital assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District'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 – This classification includes amounts that are constrained by the District'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 changed than those imposed on committed amounts.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the District uses restricted fund balance first.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2025 through September 22, 2026, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2025, follows:

Deposits	$ 26,256

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the District had bank deposits totaling $26,256, all of which were FDIC insured.

Investments

The District follows State statutes regarding investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. The District's list of eligible investments include:

- U.S. Government Obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations
- Bank/U.S. Government Repurchase Agreements
- Money market mutual funds registered with the U.S. Securities Exchange Commission (SEC) as a money market mutual fund in compliance with SEC Rule 2a-7, and which maintains a stable Net Asset Value (NAV)
- Interest-bearing bank accounts or certificates of deposit or checking accounts, either fully insured by the FDIC or PDPA eligible public depositories
- Colorado local government investment pools
- Any other investments authorized by Colorado statute provided such investment(s) is/are approved by the District's Board of Directors

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The maturity of the securities shall be structured to avoid undue concentration in any sector of the yield curve. No investment shall exceed five (5) years. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows and as approved by the Board.

At December 31, 2025, the District had no investments.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 198,500	$ -	$ -	$ 198,500
Total Capital Assets, not being depreciated	198,500	-	-	198,500
Capital Assets, being depreciated				
Parks Entryway	$ 154,751	$ -	$ -	$ 154,751
Storm Drainage	113,677	-	-	113,677
Parks and Recreation	158,327	-	-	158,327
Abrams Creek Water Line	1,083,101	-	-	1,083,101
Total Capital Assets, being depreciated	1,509,856	-	-	1,509,856
Less accumulated depreciation				
Parks Entryway	(116,020)	(7,738)	-	(123,758)
Storm Drainage	(82,417)	(5,684)	-	(88,101)
Parks and Recreation	(35,622)	(7,916)	-	(43,538)
Abrams Creek Water Line	(243,698)	(54,155)	-	(297,853)
Total accumulated depreciation	(477,757)	(75,493)	-	(553,250)
Governmental Activities Capital Assets, net	**$ 1,032,099**	**$ (75,493)**	**$ -**	**$ 956,606**
Governmental Activities Capital Assets, net	**$ 1,230,599**	**$ (75,493)**	**$ -**	**$ 1,155,106**

Depreciation expense was charged to the General Government program of the District.

NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Business-type Activities:				
Capital Assets, not being depreciated				
Water rights	$ 776,285	$ -	$ -	$ 776,285
Total Capital Assets, not being depreciated	776,285	-	-	776,285
Capital Assets, being depreciated				
Water Irrigation System	2,339,371	50,364	-	2,389,735
Pump House	474,638	-	-	474,638
Total Capital Assets, being depreciated	2,814,009	50,364	-	2,864,373
Less accumulated depreciation				
Water Irrigation System	(1,987,463)	(56,539)	-	(2,044,002)
Pump House	(320,383)	(23,732)	-	(344,115)
Total accumulated depreciation	(2,307,846)	(80,271)	-	(2,388,117)
Total Capital Assets, being depreciated, net	506,163	(29,907)	-	476,256
Business-type Activities Capital Assets, net	**$ 1,282,448**	**$ (29,907)**	**$ -**	**$ 1,252,541**

NOTE 4: AUTHORIZED DEBT

The District's electors authorized the incurrence of general obligation indebtedness in the following amounts at an interest rate not to exceed 18% for a maximum term of 20 and 40 years, on each of the following dates. At December 31, 2025, the District has authorized but unissued indebtedness for the following purposes:

	Authorized May 2, 2000 Election	Authorized November 7, 2000 Election	Authorized November 7, 2006 Election	Remaining at December 31, 2025
Streets	$ 3,000,000	$ 3,000,000	$ 6,000,000	$ 12,000,000
Traffic and Safety	1,000,000	1,000,000	-	2,000,000
Water	7,980,000	7,980,000	-	15,960,000
Sanitation	3,325,000	3,325,000	-	6,650,000
Parks and Recreation	3,990,000	3,990,000	-	7,980,000
Television Relay	500,000	500,000	-	1,000,000
Mosquito Control	250,000	250,000	-	500,000
Operations and Maintenance	500,000	500,000	-	1,000,000
Refunding	21,280,000	21,280,000	-	42,560,000
Intergovernmental Agreements	21,280,000	21,280,000	-	42,560,000
Totals	$ 63,105,000	$ 67,605,000	$ 6,000,000	$ 136,710,000

NOTE 5: AGREEMENTS

Construction Loan Agreement

On July 20, 2000, the District entered into a Construction Loan Agreement (the "Loan Agreement") with Roark Partners LLLP (Roark), whereby Roark agreed to loan the District a sum not-to-exceed the aggregate of $9,000,000 to provide revenues to the District for capital expenditures. The loan proceeds were received as requested by the District to pay authorized invoices, upon receipt of which the District recorded the amount received, date received, and the total accumulated principal-to-date as detailed in the loan agreement. Each advance would bear interest from the date received at 6% annual simple interest through September 30, 2001, at a rate equal to ⅔ of the rate incurred by Roark from October 1, 2001 through November 4, 2003, and at a rate of 7% thereafter, per the First Amended and Restated Loan Agreement dated November 4, 2003 (and as subsequently amended on March 19, 2007 and December 5, 2007). In February of 2008, the principal obligation to Roark was refunded from proceeds of general obligation bonds issued by Buckhorn Valley Metropolitan District No. 2.

On August 29, 2008, the project was sold by Roark to Buckhorn Valley Development LLC (BV Development), whereby the accrued interest on the Roark Loan was assigned to BV Development and the original $9,000,000 Loan Agreement was renewed and extended to BV Development, and was subject to annual renewal. A Funding Agreement Note documented the obligation created under the Loan Agreement between the District and BV Development. This agreement matured on December 31, 2008. Per the terms of the Loan Agreement, (1) any funds borrowed by the District each year would be added to the balance owed under the Funding Agreement Note (which accrued 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 the District to issue a new 12-month term Funding Agreement Note that pays off the previous Funding Agreement Note. Both the Funding Agreement Note and Loan Agreement were renewed annually by the District through 2010, and neither agreements were renewed beginning 2011. The statute of limitations to enforce a liquidated debt in Colorado is six (6) years, and since the District has not renewed the agreement since 2010, the District no longer owed accrued unpaid interest to BV Development.

District Facilities Construction and Service Agreement

The First Amended and Restated District Facilities Construction and Service Agreement (the Agreement), dated March 3, 2003, generally provides that Buckhorn Valley Metropolitan District No. 2 (the Taxing District) will pay to Buckhorn Valley Metropolitan District No. 1 (the Operating District) over a period of years the costs of: 1) the construction, acquisition, and equipping of certain public facilities and services (the Facilities); and 2) the operation and maintenance of the Facilities. The Agreement states that the obligation required thereunder is a general obligation debt of District No. 2, subject to

NOTE 5: AGREEMENTS (Continued)

District Facilities Construction and Service Agreement (Continued)

certain limitations and, as such, the question of whether District No. 2 should enter into and perform the Agreement was submitted at an election held on May 2, 2000 and was approved by the District electorate. In addition, the Agreement cross-references the Service Plan (the "2009 Service Plan"), as amended and restated July 14, 2009, for certain definitions and obligations of the Districts, and therefore these documents need to be read together.

Under the Agreement, District No. 2 covenants to levy the taxes necessary, together with other available funds, to meet the payment obligations set forth in the Agreement. In return for the payment of the monies required to be paid under the Agreement, District No. 1 agrees to: 1) acquire, construct, and equip the Facilities; 2) thereafter provide for their operation and maintenance; and 3) utilize the Facilities. As provided for in the 2009 Service Plan, the majority of these Facilities, upon completed construction, were conveyed, deeded, or dedicated to the Town of Gypsum (the "Town") for the Town to provide the services to the Districts' residents, including but not limited to water and sanitation services, street maintenance, television services, parks and recreation services, and mosquito control services. District No. 1's primary purpose is to provide non-potable irrigation water services to residents of District No. 1 and District No. 2.

In the case of the Services, in any given year District No. 2 is obligated to fund its costs only to the extent it is capable of funding through tax revenues resulting from the certification by District No. 2 against the assessed value of the taxable property lying within its boundaries, as such boundaries may from time to time be enlarged.

To the extent that in any year District No. 2 does not fund its obligations under the Agreement, the amounts not funded are carried forward as obligations in future years under the Agreement. In addition, District No. 1 may supplement the revenues from District No. 2 through the imposition of fees against the properties and inhabitants of District No. 2 for the services that District No. 1 provides.

The Agreement may be terminated by either District upon one year's notice, provided that District No. 2 may terminate the Agreement only if, prior to the time of termination, all remaining payments and financial obligations set forth in the Agreement are paid to District No. 1 in full. District No. 1 may terminate the Agreement only if, in the context of the termination, District No. 1 either: 1) transfers to District No. 2, free and clear and in its entirety, its interest in the Facilities and in each and every one of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by District No. 1 and necessary for the continued provision of the Services; or 2) makes the transfer to another governmental entity or entities pursuant to such terms and conditions for the continued

NOTE 5: AGREEMENTS (Continued)

District Facilities Construction and Service Agreement (Continued)

provision of the Facilities and Services as may be satisfactory to the Board of Directors of District No. 2; or 3) in the event District No. 1 is dissolved in accordance with Colorado law, makes the transfer pursuant to such terms and conditions for the continued provision of the Facilities and Services as may be held in accordance with that law by an appropriate Colorado Court. District No. 2 has not made any payments to District No. 1 in any of the years ended December 31, 2022, 2023 or 2024, respectively. At December 31, 2024, District No. 1 claimed that District No. 2 owed $339,017 in tax revenue for the years 2021 through 2024. The District did not report this amount in the financial statements at December 31, 2024, because the jury trial did not award any amount to District No. 1. See NOTE 7.

Eagle River Pump Station Operations and Maintenance Agreement

On March 15, 2024, the District, along with Siena Lake Metropolitan District and Airport Gateway Business Centers Owners Association, Inc. (collectively the "Parties") entered in an agreement with Eagle River Pump Station Corporation, Inc. (the "Corporation") for the operations and maintenance of the Shared Pump Station Facilities (the "Facilities") in order to provide diversion of each Party's share of water from the Colorado River. As provided by the agreement each Party shall bear a one-third (1/3) responsibility for the operation and maintenance of the Facilities regardless of percentage of use by each Party.

Each Party is to deposit $25,000 with the Corporation by June 1, 2024, in order for the Corporation to cause separate meters to be installed for each Party. In addition, the Parties are to pay an initial deposit of $5,000 each to the Corporation for estimated costs for the operation, maintenance, repair and replacement of the Facility through December 31, 2024. The Corporation is to refund to the Parties any amount deposited in excess of the required costs of the Facilities. For the year ended December 31, 2024, the District paid a total of $29,167 to the Corporation.

Prior to the end of the calendar year 2024 and each calendar year thereafter, the Corporation shall determine the estimated costs for operations, maintenance, repair and replacement of the Facilities for the upcoming year. The Corporation will notify each Party of their share to be contributed for the upcoming year.

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District maintains insurance through a commercial insurance carrier for these risks of loss. Settled claims have not exceeded coverage I the last three years.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations in the Enterprise Fund qualifies for this exclusion.

On May 2, 2000, and again on November 7, 2000, a majority of the District's electors authorized an annual increase of up to $500,000 in property tax collections for operations and maintenance and to collect, retain, and spend up to $250,000 annually from any other revenue source other than ad valorem taxes.

The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendment's language in order to determine compliance.

The District has established an emergency reserve, representing 3% of qualifying fiscal year spending, as required by the Amendment. At December 31, 2025, the emergency reserve of $420 was reported as a restriction of fund balance in the General Fund.

Litigation – Buckhorn Valley Metropolitan District No. 2

On November 01, 2022, District No. 2 filed a lawsuit in Colorado's District Court located in Eagle County against District No. 1, and individually, several past and current District board of directors, for which the District accepted service on November 29, 2022. There were several claims made, including that the District Facilities Construction and Service Agreement (the "Agreement") between both Districts was invalid; to invalidate recent changes to water rates set by District No. 1's Board of Directors; District No. 2's claims for "Rule 106 review". In addition, District No. 2 was claiming monetary damages of up to $45,300,000.

On February 7, 2023, District No. 1 filed in Colorado's District Court located in Eagle County counterclaims against District No. 2 claiming District No. 2 breached the 2003 Agreement and District No. 2's actions are in violation of its Service Plan. In addition, District No. 1 claimed tax revenue totaling $339,017 for the years 2021 – 2024 was owed by District No. 2 to District No. 1.

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Litigation – Buckhorn Valley Metropolitan District No. 2 (Continued)

On July 13, 2023, District Court granted motions to dismiss all of the individual defendants (past and current District board members), but denied District No. 1's motion to dismiss the claims made by District No. 2 against District No. 1.

A jury trial was held the week of June 24, 2024. As result of that trial, Eagle County District Court issued a ruling on July 11, 2024 stating:

- The Agreement is a valid agreement.
- District No. 1 breached the Agreement.
- Damages of $494,507 were awarded to District No. 2 because of District No. 1's breach of the Agreement. (District No. 1 did not report a contingent liability for this amount at December 31, 2024, because the settlement agreement, effective May 31, 2025, discharged all claims and released District No. 1 of the damages awarded to District No. 2.)
- Denied District No. 1's counterclaim of District No. 2's breach of the Agreement and District No. 2 not remitting funds to District No. 1.
- Dismissed District No. 2's accounting claim as moot for lack of any evidence to support the claim at trial.

Settlement Agreement

Effective as of May 13, 2025, the District entered into a settlement agreement with District No. 2 whereby both Districts agreed to enter into an amended and restated District Facilities Construction and Service Agreement (the "Amended Agreement") and both parties agreed to bear their own costs and attorney fees related to the litigation that existed between the two Districts. In addition, both Districts agreed to release and discharge all claims against each other, including the $494,507 award granted to District No. 2 by the District Court, and both Districts mutually agreed to dismiss all remaining unresolved litigation claims that remain with the District Court, including, but not limited to, District No 2's claims for "Rule 106 review"; a related claim for an injunction concerning the adopting of water fees and a fee dispute letter with developer, BV Firewheel. District No. 2 also agreed to dismiss all claims filed in Colorado Court of Appeals against the District.

In addition, on June 4, 2025, as a third-party beneficiary, BV Firewheel, was included in the Amended Agreement. The agreement identified the following between the Districts and BV Firewheel:

- District No. 2 agreed to remit to the District no less than $75,000 from the proceeds of the planned refinancing of District No. 2's debt in 2025 for the purpose of funding repairs to the irrigation water system. During the year ended 12/31/2025, the District received $60,492 from District No. 2, and has reported a receivable of $14,508 from District No. 2 as of December 31, 2025, which was received during 2026.

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Settlement Agreement (Continued)

- Beginning in 2026, District No. 2 will assume ownership and maintenance responsibilities from the District of 67.66 acres of open space owned by the District, located in District No. 2.
- Beginning in 2027, the District will assign to District No. 2 the District's membership in the Eagle River Pump Station Operations and Maintenance Agreement and District No. 2's board president will replace the District's board member on the board of directors of the Eagle River Pump Station Corporation, Inc.
- District No. 2 will assume employment of the District's employees who maintain the irrigation water system.
- Beginning in 2028, District No. 2 will assume ownership and management of the irrigation water system from the District including maintaining, operating, setting user rates and collecting user fees. District No. 2 will also begin to annually remit to the District fund sufficient for the District to perform its basic government functions.
- The District will be dissolved upon the earlier of 1.) the full payoff of District No. 2's bonded debt, or 2.) completion of the development of the remaining 381 lots. The District will continue to own all water rights pertaining to the irrigation water system acquired by the District on February 20, 2008 until dissolution.

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REQUIRED SUPPLEMENTARY INFORMATION

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Intergovernmental				
Buckhorn Valley MD No. 2 service revenue	$ 50,000	$ -	$ (50,000)	$ -
TOTAL REVENUES	50,000	-	(50,000)	-
EXPENDITURES				
General Government				
District Management and Accounting	26,500	-	26,500	27,907
Dues and Licenses	1,000	-	1,000	595
Election	2,500	-	2,500	-
Insurance	12,000	8,598	3,402	6,242
Legal	35,000	-	35,000	32,384
Reimbursements	1,000	-	1,000	1,124
Miscellanous	5,000	-	5,000	15,138
Website Maintenance	1,000	-	1,000	-
Storage Lot	3,250	-	3,250	3,024
Park Maintenance	12,500	5,370	7,130	15,628
Contingency	3,000	-	3,000	-
TOTAL EXPENDITURES	102,750	13,968	88,782	102,042
EXCESS OF REVENUES OVER EXPENDITURES	(52,750)	(13,968)	38,782	(102,042)
OTHER FINANCING SOURCES				
Transfers In	-	-	-	102,042
NET CHANGE IN FUND BALANCE	(52,750)	(13,968)	38,782	-
FUND BALANCE, Beginning	179,410	29,059	(150,351)	29,059
FUND BALANCE, Ending	$ 126,660	$ 15,091	$ (111,569)	$ 29,059

See the accompanying Independent Auditors' Report.

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

- Prior to December 31, the budget is legally enacted through passage of a resolution.

- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

- Budgets are legally adopted for all funds of the District. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Enterprise Fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.

- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2025, the Enterprise Fund's actual expenditures exceeded budgeted expenditures by $212,509. This may be a violation of State statute.

SUPPLEMENTARY INFORMATION

BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE
ENTERPRISE FUND
Year Ended December 31, 2025

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Water Service Fees	$ 420,650	$ 388,912	$ (31,738)	$ 381,156
Special Fee	-	-	-	446,500
Buckhorn Valley MD No. 2 Contribution	-	75,000	75,000	-
Other Revenue	27,500	6,528	(20,972)	11,981
TOTAL REVENUES	448,150	470,440	22,290	839,637
EXPENDITURES				
General and Administrative				
District Management and Accounting	69,000	84,000	(15,000)	59,400
District Management - Special Services	-	45,434	(45,434)	-
Professional Fees	-	14,328	(14,328)	-
Dues and Licenses	2,000	1,849	151	-
Insurance	10,000	11,228	(1,228)	3,587
Legal	25,000	49,517	(24,517)	-
Storage Lot	-	3,267	(3,267)	-
Miscellaneous	5,000	364	4,636	-
Office Expesnes	1,750	1,840	(90)	1,686
Contingency	11,200	-	11,200	-
Transfers to General Fund	-	-	-	102,042
Total General and Administrative	123,950	211,827	(87,877)	166,715
Operations and Maintenance				
Salaries	119,500	156,425	(36,925)	75,000
Payroll Taxes	10,158	12,051	(1,893)	5,742
Employee Benefits	9,000	1,058	7,942	-
Utilities	12,500	18,047	(5,547)	11,299
Professional Fees	-	12,159	(12,159)	-
Billing	15,200	14,872	328	15,502
Billing Associated Costs	7,680	-	7,680	7,117
811 Locate Services	1,000	-	1,000	-
Engineering	10,000	55,304	(45,304)	8,548
Repairs and Maintenance	50,000	8,965	41,035	15,290
Legal - Water Rights	-	7,707	(7,707)	13,952
Legal	-	29,329	(29,329)	251,627
Water System Operations	20,000	28,389	(8,389)	43,410
Total Operations and Maintenance	255,038	344,306	(89,268)	447,487
Capital Outlay				
Water Rights	15,000	-	15,000	-
Water System Improvements	-	50,364	(50,364)	29,167
Total Capital Outlay	15,000	50,364	(35,364)	29,167
TOTAL EXPENDITURES	393,988	606,497	(212,509)	643,369
CHANGE IN NET POSITION, Budgetary Basis	$ 54,162	(136,057)	$ (190,219)	196,268
ADJUSTMENTS TO GAAP BASIS				
Water System Improvements - Capital Assets		50,364		-
Depreciation		(80,271)		(100,970)
CHANGE IN NET POSITION, GAAP Basis		(165,964)		95,298
NET POSITION, Beginning		1,419,155		1,323,857
NET POSITION, Ending		$ 1,253,191		$ 1,419,155

See the accompanying Independent Auditor's Report.