BUFFALO MOUNTAIN METROPOLITAN DISTRICT

FINANCIAL STATEMENTS
December 31, 2025

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

6140 S. Gun Club Rd, Suite K6-132
Aurora, Colorado 80016
303.835.6815
Fax: 303.997.1056

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Buffalo Mountain Metropolitan District
Summit 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 Buffalo Mountain Metropolitan District (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 Buffalo Mountain Metropolitan District 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 Buffalo Mountain Metropolitan District, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and budgetary comparison schedule on pages i – iv and 26 – 27 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buffalo Mountain Metropolitan District's basic financial statements.

The accompanying budgetary comparison schedule for the water and sewer utility fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule of the water and sewer utility fund 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. Such 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 schedule of the water and sewer utility 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 28, 2026

BUFFALO MOUNTAIN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2025

This management's discussion and analysis of the Buffalo Mountain Metropolitan District's financial statements provides an overview of the District's financial activities for the fiscal year ended December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements,* and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- G*overnment-wide financial statements* provide both *long-term* and *short-term* information about the District's *overall* financial status.
- F*und financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

Government-wide Statements

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include *all* assets and liabilities using the *accrual basis of accounting,* which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in net position. The District's net position– the difference between assets deferred outflows, and liabilities and deferred inflows – is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the infrastructure, are needed to assess the *overall health* of the District.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. The District's only governmental fund, the General Fund, is considered a major fund. Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental funds – The District's activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental

fund financial statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is provided in reconciliations following the fund financial statements.

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the fiscal years 2025 and 2024.

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current Assets and Investments	5,447,737	6,645,307	12,093,044	4,396,380	8,211,261	12,607,641
Investment in Joint Venture	-	3,120,315	3,120,315	-	2,897,091	2,897,091
Capital & Right of Use Assets, Net	3,117,067	9,603,392	12,720,459	2,846,908	8,725,698	11,572,606
Total Assets	8,564,804	19,369,014	27,933,818	7,243,288	19,834,050	27,077,338
Liabilities and Deferred Inflows:						
Current Liabilities	126,308	262,693	389,001	19,672	408,923	428,595
Non Current Liabilities	480,817	7,378,705	7,859,522	-	7,654,408	7,654,408
Deferred Inflows	1,491,408	-	1,491,408	1,713,047	-	1,713,047
Total Liabilities & Deferred Inflows	2,098,533	7,641,398	9,739,931	1,732,719	8,063,331	9,796,050
Net Position:						
Invested in Capital Assets	3,117,067	9,042,601	12,159,668	2,846,908	8,226,730	11,073,638
Restricted for Emergencies	75,200	-	75,200	70,000	-	70,000
Restricted for Recreational Activities	17,075	-	17,075	7,202	-	7,202
Restricted for Debt Service	-	550,420	550,420	-	423,884	423,884
Unrestricted	3,256,929	2,134,595	5,391,524	2,586,459	3,120,105	5,706,564
Total Net Position	6,466,271	11,727,616	18,193,887	5,510,569	11,770,719	17,281,288

A substantial portion of the District's assets consist of current assets. Additionally, the District has a substantial investment in long term investments which are held with the intent to hold until maturity of the investments but which can be easily liquidated if necessary. The District also has a significant investment in a joint venture and a large investment in capital assets. The District has long term liabilities of approximately $7,860,000. The District's net position increased $912,599 during 2025 as a result of a surplus of revenues over expenses in both the governmental and business-type activities.

Statement of Activities

The perspective of the Statement of Activities is of the District as a whole. The statement of activities reflects the cost of program expenses and the charges and taxes which are used to offset the cost of those

services. The following detail reflects the total cost of services supported by program revenues and general property and sales taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2025 and 2024.

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
General Revenues:						
Taxes	2,285,669	-	2,285,669	1,988,059	-	1,988,059
Investment Income	90,809	96,674	187,483	147,448	62,509	209,957
Miscellaneous Income	5,251	176,081	181,332	37,408	129,947	167,355
Program Revenues:						
Charges for Services	-	2,443,090	2,443,090	1,000	2,210,545	2,211,545
Grants and Contributions	135,063	31,500	166,563	180,571	1,570,200	1,750,771
Transfers	-	-	-	(244,935)	244,935	-
Total Revenues	2,516,792	2,747,345	5,264,137	2,109,551	4,218,136	6,327,687
Program Expenses:						
General Government	282,627	-	282,627	425,068	-	425,068
Public Works	1,080,663	-	1,080,663	1,293,287	-	1,293,287
Parks and Recreation	179,163	-	179,163	32,079	-	32,079
Water and Sewer Utility	-	2,614,637	2,614,637	-	2,097,339	2,097,339
Interest on Long-term Debt	18,637	175,811	194,448	-	75,857	75,857
Total Expenses	1,561,090	2,790,448	4,351,538	1,750,434	2,173,196	3,923,630
Change in Net Position	955,702	(43,103)	912,599	359,117	2,044,940	2,404,057
Net Position - beginning of year	5,510,569	11,770,719	17,281,288	5,151,452	9,725,779	14,877,231
Net Position - end of year	6,466,271	11,727,616	18,193,887	5,510,569	11,770,719	17,281,288

The District's two primary sources of revenues are from taxes and from charges for services. These revenues are used to pay the cost of the general government and the cost of the water and sewer utility activities. The District's tax revenues increased 14.97% from 2024 to 2025 as a result of an increase in the District's assessed value resulting from changes in the calculation of real property assessed values pursuant to Colorado law whereas the District's interest income has decreased 10.7%. The District's charges for services also increased by 10.47%, primarily as the result of an increase water rates to cover increased operating costs of the District's water system and tap fees to pay for improvements. Overall the District was able to increase its net position for the year by $912,599 or 5.3%.

THE DISTRICT'S FUNDS

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting.

At the governmental fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the governmental fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from $2,669,258 to $3,882,918 during the fiscal year ended December 31, 2025. This represents a surplus of revenues (financial sources) over expenditures (financial uses) for the period ending December 31, 2025. Implementation of the sales tax in the District has contributed substantially to the District's ability to operate at a surplus in light of increasing costs. The General Fund generated $2,516,792 in revenues and incurred $1,877,229 in expenditure during 2025 resulting in an operating surplus of $639,563. The ending fund balance in the governmental fund of $3,882,918 is the amount of net resources available for future spending.

The fund level financial statements for the proprietary fund provide the same type of information found in the government-wide financial statements but in more detail. The Water and Sewer Utility Fund ending net position decreased from $11,770,719 to $11,727,616 during the fiscal year ended December 31, 2025. This represents a deficit of revenues (financial sources) over expenses (financial uses) for the period ending December 31, 2025. The Water and Sewer Utility Fund generated $2,443,090 in revenues and incurred $2,614,637 in expenses during 2025 resulting in an operating deficit of $171,547. The Water and Sewer Utility Fund had non-operating revenues of $272,755 and non-operating expenses of $175,811 resulting in a net deficit of $74,603. The Water and Sewer Utility Fund received capital contributions in the amount of $31,500. The total of all the Fund's income and expenses resulted in a reduction of the net position of 43,103.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1* of the notes to required supplementary information. The major differences in actual expenses compared to budget come from cost savings related to public works and capital project expenditures.

CAPITAL ASSETS

During 2025, the District recorded 654,377 in capital asset additions in its governmental activities and recorded depreciation expense of $384,218 resulting in a net increase in capital assets of $270,159 for governmental activities, bringing the year end net capital asset balance in the governmental activities to $3,117,067. The business-type activities recorded $1,271,223 in capital additions and depreciation expense of $404,352 resulting in a net increase in capital assets of $866,871, bringing the year end net capital asset balance for business-type activities to $9,560,011. *See Note 4 Capital Assets* for additional details.

LONG-TERM DEBT

On November 1, 2024, the District entered into a $4,145,744 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) to fund improvements to the water distribution system. The scope of work includes valve and water main replacements, water main looping, construction of a pressure relief vault, an interconnect with the Town of Silverthorne, upgrades to existing booster stations, replacement of piping and control systems at the water treatment plant, and rehabilitation of two groundwater wells. Semi-annual payments of principal, interest, and servicing fees ranging from $92,097 to $147,442 begin on February 1, 2025, and continue through August 1, 2044. Interest accrues on the loan

at an annual rate of 3.12%. Principal payments were made in 2025 in the amount of $108,932, bringing the outstanding balance of the loan to $4,036,812. Interest payment made in 2025 equaled $102,452.

On November 22, 2024, the District entered into an additional $2,338,077 loan agreement with CWRPDA for similar water distribution system improvements as described above. At closing, $1,500,000 in principal forgiveness was applied, reducing the loan principal to $838,077. Semi-annual principal and interest payments of $28,925 begin on May 1, 2025, and continue through November 1, 2044. Interest accrues on this loan at 3.25% per annum. Principal payments were made in 2025 in the amount of $22,804, bringing the outstanding balance of the loan to $815,273. Interest payment made in 2025 equaled $25,529.

On March 1, 2019, the District entered into a $3,000,000 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the construction of a water tank, pump station, distribution lines and telemetry equipment. Principal and interest payments of $91,367 are due semi-annually, commencing on November 1, 2020, through May 1, 2040. Interest accrues at 2% per annum. Principal payments were made in 2025 in the amount of $134,903, bringing the outstanding balance of the loan to $2,290,181 at December 31, 2025. *See Note 5 Long-Term Debt* for additional details.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Buffalo Mountain Metropolitan District Manager
P.O. Box 2430, Silverthorne, CO 80498
Tel: (970) 513-1300, Fax: (970) 513-1301

BASIC FINANCIAL STATEMENTS

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
December 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	$ 3,195,555	$ 975,555	$ 4,171,110
Internal Balance	644,321	(644,321)	-
Accrued Interest Receivable	4,746	-	4,746
Accounts Receivable	31,144	631,389	662,533
Accounts Receivable - County Treasurer	6,643	-	6,643
Accounts Receivable - Sales Taxes	68,952	-	68,952
Accounts Receivable - CWRPDA	-	5,499,994	5,499,994
Taxes Receivable	1,496,376	-	1,496,376
Prepaid Expenses	-	115,178	115,178
Inventory	-	33,587	33,587
Deposit - Wetlands Compliance	-	33,925	33,925
Investment in Silverthorne/Dillon Joint Sewer Authority	-	3,120,315	3,120,315
Right-to-Use - Tower Lease, Net of Accumulated Amortization	-	43,382	43,382
Capital Assets, Not Being Depreciated	46,874	2,066,405	2,113,279
Capital Assets, Net of Accumulated Depreciation	3,070,193	7,493,605	10,563,798
TOTAL ASSETS	8,564,804	19,369,014	27,933,818
LIABILITIES			
Accounts Payable	52,343	176,489	228,832
Retainage Payable	-	42,039	42,039
Accrued Payroll Liabilities	21,068	3,348	24,416
Accrued Interest Payable	18,637	38,110	56,747
Compensated Absences Payable	34,260	2,707	36,967
Noncurrent Liabilities			
Tower Lease Due Within One Year	-	2,051	2,051
Tower Lease Due in more than One Year	-	51,748	51,748
Due Within One Year	71,547	334,769	406,316
Due In More Than One Year	409,270	6,807,497	7,216,767
Loans Premium, Net	-	182,640	182,640
TOTAL LIABILITIES	607,125	7,641,398	8,248,523
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	1,491,408	-	1,491,408
TOTAL DEFERRED INFLOWS OF RESOURCES	1,491,408	-	1,491,408
NET POSITION			
Net Investment in Capital Assets	3,117,067	9,042,601	12,159,668
Restricted for Emergencies	75,200	-	75,200
Restricted for Recreational Activities	17,075	-	17,075
Restricted for Debt Service	-	550,420	550,420
Unrestricted	3,256,929	2,134,595	5,391,524
TOTAL NET POSITION	$ 6,466,271	$ 11,727,616	$ 18,193,887

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

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BUFFALO MOUNTAIN METROPOLITAN DISTRICT

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	$ 282,627	$ -	$ -	$ -
Public Works	1,080,663	-	124,575	-
Parks and Recreation	179,163	-	10,488	-
Interest on Long-term Debt	18,637	-	-	-
Total Governmental Activities	1,561,090	-	135,063	-
Business-Type Activities				
Water and Sewer Utility	2,614,637	2,443,090	-	31,500
Interest on Long-term Debt	175,811	-	-	-
Total Business-Type Activities	2,790,448	2,443,090	-	31,500
TOTAL PRIMARY GOVERNMENT	$ 4,351,538	$ 2,443,090	$ 135,063	$ 31,500
GENERAL REVENUES				
Property Taxes				
Property Taxes Backfill				
Sales Taxes				
Specific Ownership Taxes				
Investment Income				
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
$ (282,627)	$ -	$ (282,627)
(956,088)	-	(956,088)
(168,675)	-	(168,675)
(18,637)	-	(18,637)
(1,426,027)	-	(1,426,027)
-	(140,047)	(140,047)
-	(175,811)	(175,811)
-	(315,858)	(315,858)
(1,426,027)	(315,858)	(1,741,885)
1,720,038	-	1,720,038
-	-	-
493,616	-	493,616
72,015	-	72,015
90,809	96,674	187,483
5,251	176,081	181,332
2,381,729	272,755	2,654,484
955,702	(43,103)	912,599
5,510,569	11,770,719	17,281,288
$ 6,466,271	$ 11,727,616	$ 18,193,887

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2025

	GENERAL FUND
ASSETS	
Cash and Investments	$ 3,195,555
Accrued Interest Receivable	4,746
Due from Water and Sewer Utility Fund	644,321
Accounts Receivable	31,144
Accounts Receivable - County Treasurer	6,643
Taxes Receivable	
Property	1,496,376
Sales	68,952
TOTAL ASSETS	$ 5,447,737
LIABILITIES	
Accounts Payable	$ 52,343
Accrued Payroll Liabilities	21,068
TOTAL LIABILITIES	73,411
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,491,408
TOTAL DEFERRED INFLOWS OF RESOURCES	1,491,408
FUND BALANCE	
Restricted for Emergencies	75,200
Restricted for Recreational Activities	17,075
Unassigned	3,790,643
TOTAL FUND BALANCE	3,882,918
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 5,447,737

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

Total Fund Balance of the Governmental Fund	$ 3,882,918
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,117,067
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include equipment financing lease payable ($480,817), accrued compensated absences ($34,260) and accrued interest payable ($18,637).	(533,714)
Total Net Position of Governmental Activities	$ 6,466,271

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

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

	GENERAL FUND
REVENUES	
Taxes	
Property Taxes	$ 1,720,038
Sales Taxes	493,616
Specific Ownership Taxes	72,015
Intergovernmental	
Conservation Trust	10,488
County Road and Bridge	124,575
Investment Income	90,809
Miscellaneous Income	5,251
TOTAL REVENUES	2,516,792
EXPENDITURES	
Current	
General Government	282,806
Public Works	856,102
Parks and Recreation	6,735
Capital Outlay	638,306
Debt Service	
Principal	93,280
TOTAL EXPENDITURES	1,877,229
EXCESS OF REVENUES OVER EXPENDITURES	639,563
OTHER FINANCING USES	
Equipment Financing	574,097
NET CHANGE IN FUND BALANCE	1,213,660
FUND BALANCE, Beginning	2,669,258
FUND BALANCE, Ending	$ 3,882,918

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Change in Fund Balance of the Governmental Fund	$ 1,213,660
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 by which capital outlay $654,377 exceeded depreciation ($384,218) in the current year.	270,159
Financing lease proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.	(574,097)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay $654,377 principal payments of the equipment financing lease payable	93,280
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 the governemntal funds. This includes the change in accrued compensated absences ($28,663) and accrued interest payable ($18,637).	(47,300)
Change in Net Position of Governmental Activities	$ 955,702

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2025

	WATER AND SEWER UTILITY FUND
ASSETS	
Current Assets	
Cash and Investments	$ 975,555
Accounts Receivable	631,389
Accounts Receivable - CWRPDA	5,499,994
Prepaid Expenses	115,178
Inventory	33,587
Deposit - Wetlands Compliance	33,925
Total Current Assets	7,289,628
Noncurrent Assets	
Investment in Silverthorne/Dillon Joint Sewer Authority	3,120,315
Right-to-Use Tower Lease, Net of Accumulated Amortization	43,382
Capital Assets, Not Being Depreciated	2,066,405
Capital Assets, Net of Accumulated Depreciation	7,493,605
Total Noncurrent Assets	12,723,707
TOTAL ASSETS	20,013,335
LIABILITIES	
Current Liabilities	
Accounts Payable	176,489
Retainage Payable	42,039
Accrued Payroll Liabilities	3,348
Due to General Fund	644,321
Accrued Interest Payable	38,110
Tower Lease Payable	2,051
Loans Payable	334,769
Compensated Absences Payable	2,707
Total Current Liabilities	1,243,834
Noncurrent Liabilities	
Tower Lease Payable	51,748
Loans Payable	6,807,497
Loan Premium, Net	182,640
Total Current Liabilities	7,041,885
TOTAL LIABILITIES	8,285,719
NET POSITION	
Invested in Capital Assets	9,042,601
Restricted for Debt Service	550,420
Unrestricted	2,134,595
TOTAL NET POSITION	$ 11,727,616

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

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

	WATER AND SEWER UTILITY FUND
OPERATING REVENUES	
Charges for Services	$ 2,443,090
TOTAL OPERATING REVENUES	2,443,090
OPERATING EXPENSES	
Water Operations	710,404
Sewer Operations	922,878
Administration and General	568,397
Amortization	8,605
Depreciation	404,353
TOTAL OPERATING EXPENSES	2,614,637
OPERATING INCOME (LOSS)	(171,547)
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	96,674
Net Income from Joint Sewer Authority	176,081
Loan Interest	(175,811)
TOTAL NON-OPERATING REVENUES (EXPENSES)	96,944
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(74,603)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Tap Fees	31,500
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	31,500
CHANGE IN NET POSITION	(43,103)
NET POSITION, Beginning	11,770,719
NET POSITION, Ending	$ 11,727,616

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

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

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

	WATER AND SEWER UTILITY FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 2,373,111
Cash Payments to Employees	(22,424)
Cash Payments to Suppliers	(2,435,284)
Net Cash Provided (Used) by Operating Activities	(84,597)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash received from Other Funds	(502,972)
Acquisition of Property, Plant and Equipment	(1,229,184)
Tap Fees Received	31,500
Tower Lease Payments	18,810
CWRPDA Loan Principal	(266,639)
CWRPDA Loan Interest	(190,820)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,139,305)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	97,978
Net Cash Provided (Used) by Investing Activities	97,978
Increase (Decrease) in Cash and Cash Equivalents	(2,125,924)
CASH AND CASH EQUIVALENTS, Beginning	3,101,479
CASH AND CASH EQUIVALENTS, Ending	$ 975,555
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (171,547)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Amortization	8,605
Depreciation	404,353
Net Income from Sewer Operations in Joint Sewer Authority	(47,143)
Changes in Assets and Liabilities	
Accounts Receivable	(69,979)
Prepaid Expenses	(9,338)
Inventory	11,199
Accounts Payable	(188,323)
Accrued Payroll Liabilities	(6,870)
Compensated Absences Payable	(15,554)
Net Cash Provided (Used) by Operating Activities	$ (84,597)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Buffalo Mountain Metropolitan District (the "District"), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Summit County, Colorado. The District was established to provide water and sewer services to the District residents, to maintain roads and road improvements, and to provide and maintain parks and recreational facilities within the District.

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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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:

Water and Sewer Utility Fund - accounts for all activities necessary for the provision of water and sewer services to the District residents.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments – 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.

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

Inventory – Inventory is valued at cost using the first-in, first-out method in the proprietary fund. The cost of inventory is recorded as expense when consumed rather than when purchased.

Deposits – Wetland Compliance – A deposit was paid to Summit County for wetlands restoration in relation to the District's 2020 sewer project.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, sewer and drainage systems and trails, 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.

Buildings and Improvements	20 - 30 years
Infrastructure	15 years
Road Equipment	7 years
Pedestrian/Bike Path	30 years
Water and Sewer Systems	20 - 40 years
Equipment	5 years

Compensated Absences - Employees of the District are allowed to accumulate unused vacation and sick time. Employees will be paid for all accrued unused vacation time upon separation of employment. Unused sick time is not paid upon separation of employment. These compensated absences are recognized as current salary costs when earned in the proprietary fund and when due in the governmental fund. A long-term liability is reported in the government-wide financial statements governmental and business-type activities, and proprietary fund financial statements for the accrued compensated absences.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. In the governmental fund financial statements the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year of the debt issuance. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. Since property taxes are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

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.

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2025 through September 28, 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:

Petty Cash	$ 200
Deposits	190,990
Investments	3,979,920
Total	**$ 4,171,110**

Cash and investments are reported in the financial statements as follows:

Cash and Investments – Governmental Activities	$ 3,195,555
Cash and Investments – Business-type Activities	975,555
Total	**$ 4,171,110**

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 $190,9910, all of which were FDIC.

Investments

During 2022, the District adopted a formal investment policy. The primary objectives of the investment policy are:

- Safety of Principal – The primary objective is to protect against loss of any principal
- Liquidity – Investments will be managed to ensure that funds are available to meet obligations as necessary.
- Yield – Investments will be managed to optimize returns within the appropriate safety and liquidity constraints.

The "prudent investor" standard shall be used which states: "Investments shall be made with judgement and care, under circumstances then prevailing, which person of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for preservation, considering the probable safety of their capital as well as the probable income to be derived."

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

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 the following investments:

Investment Type	Standards & Poors, Fitch Rating	Maturities (in Years) 1 or Less	1 to 5	Total
Certificates of Deposit	N/A	$ 246,020	$ 1,493,626	$ 1,739,646
Colorado Liquid Asset Trust (COLOTRUST)	AAA	30,230	-	30,230
COLOTRUST EDGE	AAAf	2,210,044	-	2,210,044
Totals		**$ 2,486,294**	**$ 1,493,626**	**$ 3,979,920**

The District invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. The Trust operates similarly to a money market fund and each share is equal in value to $1.00, except for COLOTRUST EDGE, which stives to obtain a net asset value of $10/share. The portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ and COLOTRUST EDGE may also invest in

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PLUS+ has a weighted average maturity under 60 days. COLOTRUST EDGE has weighted average maturity of 6 – 12 months. COLOTRUST PLUS+ is rated AAA by Standard and Poor's. COLOTRUST EDGE is rated AAAf by FitchRatings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Fair Value of Investments – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

There is a hierarchy of three levels of inputs used to measure fair value: *Level 1:* Quoted (unadjusted) prices in active markets or an identical asset or liability at the measurement date; *Level 2:* The market approach technique is utilized using quoted prices of securities with similar characteristics or independent asset pricing services; *Level 3:* Unobservable inputs for an asset or liability.

		Fair Value Measurements		
Investment by Fair Value	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	$ 1,739,646	$ -	$ 1,739,646	$ -
Totals	1,739,646	$ -	$ 1,739,646	$ -
Investment by Net Asset Value				
COLOTRUST PLUS+	30,230			
COLOTRUST EDGE	2,210,044			
Totals	2,240,274			
Total	**$ 3,979,920**			

NOTE 3: INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY

The District is a participant in the Silverthorne/Dillon Joint Sewer Authority (the "Authority"). The Authority was organized to construct and operate a sewage treatment plant in Summit County. The other participants are the towns of Silverthorne and Dillon, Dillon Valley Metropolitan District, Mesa Cortina Metropolitan District (all of which are political subdivisions of the State of Colorado) and Yale Investments, Inc. (a Colorado corporation). Oversight responsibilities and control of the Authority is vested in an eight-member committee with two members appointed by each town and one member appointed by each of the other participants. The costs of construction are paid by the participants based on their proportional share of the available capacity in each phase of the project.

The District currently owns 2,216 equivalent residential units or 21.5% of the reserved capacity in the plant. The District's equity ownership in the Authority, based on the Authority's most recent completed audit, December 31, 2025, was 15.88% or $3,120,315, which is reported in the financial statements as Investment in Silverthorne/Dillon Joint Sewer Authority.

The Authority bills the participants for their proportionate share of operations on a quarterly basis based upon the number of taps connected to the system at a rate to cover operating costs. The District shares in the operating results of the joint venture.

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NOTE 4: 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				
Construction in Progress	$ 18,601	$ 28,273	$ -	$ 46,874
Total Capital Assets, not being depreciated	18,601	28,273	-	46,874
Capital Assets, being depreciated				
Buildings and improvements	$ 1,100,398	$ -	$ -	$ 1,100,398
Infrastructure - Storm Drainage	283,403	-	-	283,403
Road Equipment	448,137	626,104	-	1,074,241
Pedestrian/Bike path	5,172,834	-	-	5,172,834
Total Capital Assets, being depreciated	7,004,772	626,104	-	7,630,876
Less accumulated depreciation				
Buildings and improvements	(479,546)	(39,433)	-	(518,979)
Infrastructure - Storm Drainage	(237,833)	(18,894)	-	(256,727)
Road Equipment	(32,010)	(153,463)	-	(185,473)
Pedestrian/Bike path	(3,427,076)	(172,428)	-	(3,599,504)
Total accumulated depreciation	(4,176,465)	(384,218)	-	(4,560,683)
Governmental Activities Capital Assets, net	**$ 2,828,307**	**$ 241,886**	**$ -**	**$ 3,070,193**
Governmental Activities Capital Assets, net	**$ 2,846,908**	**$ 270,159**	**$ -**	**$ 3,117,067**

Depreciation expense was charged to the programs of the District as follows:

Governmental Activities	
Public Works	$ 211,790
Parks and Recreation	172,428
Total	**$ 384,218**

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NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 309,742	$ -	$ -	$ 309,742
Water rights	191,573	-	-	191,573
Construction in Progress	293,867	1,271,223	-	1,565,090
Total Capital Assets, not being depreciated	795,182	1,271,223	-	2,066,405
Capital Assets, being depreciated				
Buildings and improvements	1,262,022	-	-	1,262,022
Water and Sewer Systems	12,287,995	-	-	12,287,995
Equipment	341,531	-	-	341,531
Total Capital Assets, being depreciated	13,891,548	-	-	13,891,548
Less accumulated depreciation				
Buildings and improvements	(857,973)	(47,826)	-	(905,799)
Water and Sewer Systems	(4,899,035)	(323,318)	-	(5,222,353)
Equipment	(236,582)	(33,208)	-	(269,790)
Total accumulated depreciation	(5,993,590)	(404,352)	-	(6,397,942)
Total Capital Assets, being depreciated, net	7,897,958	(404,352)	-	7,493,606
Business-type Activities Capital Assets, net	**$ 8,693,140**	**$ 866,871**	**$ -**	**$ 9,560,011**

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2025:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Governmental Activities					
Equipment Financing Lease	$ -	$ 574,097	$ 93,280	$ 480,817	$ 71,547
Compensated absences	5,597	28,663	-	34,260	34,260
	$ 5,597	**$ 602,760**	**$ 93,280**	**$ 515,077**	**$ 105,807**

Compensated absences are expected to be liquidated with revenues from the General Fund.

Equipment Financing Lease

On February 21, 2025, the District entered into a Master Lease Agreement with US Bankcorp Government Leasing and Finance, Inc. in the amount of $574,097 for the purchase of road equipment. Principal and interest payments of $93,280 are due annually, beginning February 21, 2025 through February 21, 2031. Interest accrues at 4.52% per annum.

NOTE 5: LONG-TERM DEBT (Continued)

Following is a summary of the future debt service requirements for the equipment financing lease for the year ended December 31, 2025.

Year Ended December 31	Principal	Interest	Total
2026	$ 71,547	$ 21,733	$ 93,280
2027	74,781	18,499	93,280
2028	78,161	15,119	93,280
2029	81,694	11,586	93,280
2030	85,387	7,893	93,280
2031	89,247	4,033	93,280
Total	**$ 480,817**	**$ 78,863**	**$ 559,680**

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Business-type Activities					
2019 Water Loan	$ 2,425,084	$ -	$ 134,903	$ 2,290,181	$ 134,903
2024 CWRPDA Leveraged Loan	4,145,744	-	108,932	4,036,812	108,932
2024 CWRPDA Direct Loan	838,077	-	22,804	815,273	30,323
Loans Premium	192,253	-	9,613	182,640	-
Total Loans	7,601,158	-	276,252	7,324,906	274,158
Compensated absences	18,261	-	15,554	2,707	2,707
	$ 7,619,419	**$ -**	**$ 291,806**	**$ 7,327,613**	**$ 276,865**

Compensated absences are expected to be liquidated with revenues of the Water and Sewer Utility Fund.

2024 CWRPDA Leveraged Loan

On November 1, 2024, the District entered into a $4,145,744 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the construction of water distribution system improvements, including valve/water main replacements, water main looping, pressure relief vault construction, interconnect with the Town of Silverthorne, upgrading existing booster stations, water treatment plant piping and system control replacement, and two groundwater wells rehabilitation. Principal, interest and servicing fee payments ranging from $92,097 to $147,442 are due semi-annually, commencing on February 1, 2025 through August 1, 2044. Interest accrues at 3.12% per annum.

NOTE 5: LONG-TERM DEBT (Continued)

2024 CWRPDA Direct Loan

On November 22, 2024, the District entered into a $2,338,077 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the construction of water distribution system improvements, as describe in the previous paragraph. At closing, an up-front principal forgiveness in the amount of $1,500,000 was applied, resulting in a loan principal balance of $838,077. Principal and interest payments of $28,927 are due semi-annually, commencing on May 1, 2025 through November 1, 2044. Interest accrues at 3.25% per annum.

2019 Water Loan

On March 1, 2019, the District entered into a $3,000,000 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the construction of a water tank, pump station, distribution lines and telemetry equipment. Principal and interest payments of $91,367 are due semi-annually, commencing on November 1, 2020 through May 1, 2040. Interest accrues at 2% per annum.

The above water loans are payable solely from revenues of the District's water and sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2025, net revenues of $369,585 plus cash & investments were available to pay annual debt service of $442,450. Remaining debt service at December 31, 2025 was $9,315,133.

Future Debt Service Requirements

Year Ended December 31	Principal	Interest	Total
2026	$ 334,769	$ 200,677	$ 534,446
2027	341,835	191,875	533,710
2028	347,392	182,984	530,376
2029	360,202	174,001	534,203
2030	370,220	164,674	534,894
2031 – 2035	1,983,658	679,755	2,663,413
2036 – 2039	2,151,936	427,397	2,579,333
2040 – 2044	1,252,254	151,504	1,403,758
Total	**$ 7,142,266**	**$ 2,172,867**	**$ 9,315,133**

A provision of the loans require the net revenues (total revenues less operating and maintenance expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2025, the District complied with this covenant.

NOTE 5: LONG-TERM DEBT (Continued)

Additionally, the loan requires the District to maintain an operations and maintenance reserve fund in an amount equal to three months of operations and maintenance expenses, excluding debt service and depreciation expense, as set forth in the annual budget for the current fiscal year. Accordingly, the District has restricted $423,884 of the Water and Sewer Utility Fund's net position, calculated as follows:

	2025 Budget	2025 Actual
Total Operating Expenses	$ 2,040,770	$ 2,614,637
Less Depreciation and Amortization	-	(412,958)
Operations and Maintenance Expenses	$ 2,040,770	$ 2,201,679
3 Months of Operations and Maintenance	$ 510,193	$ 550,420

NOTE 6: RIGHT-TO-USE – TOWER LEASE

On April 1, 2017, the District entered into an antenna site license agreement (radio lease) for the District's water distribution system's telemetry to transmit to the District office. Payments of $200 are due monthly, for 25 years, through March of 2042. The value of the right-of-use – tower lease, based on the present value of future lease payments, was $66,741, with accumulated amortization of $23,359 at December 31, 2025. The total lease liability, based on the future value of lease payments, was $47,186, with a balance of $53,799 at December 31, 2025. The interest rate was based on the PIMCO municipal rates at 2% per annum. The District recognized amortization expense of $8,605 and interest expense of $1,097, for the year ended December 31, 2025. Following is the required future lease payments as of December 31, 2025:

Year Ending December 31,	Principal	Interest	Total
2026	$ 2,051	$ 1,057	$ 3,108
2027	2,187	1,015	3,202
2028	2,328	1,012	3,340
2029	2,475	1,008	3,483
2030	2,627	1,004	3,631
2031 – 2035	15,603	1,000	16,603
2036 – 2040	20,433	997	21,430
2041 – 2042	6,095	993	7,088
Total	$ 53,799	$ 8,086	$ 61,885

NOTE 7: MESA CORTINA SUBDIVISION AGREEMENT

The District has an agreement with Mesa Cortina Water and Sanitation District (MCWSD) to provide water and sewer services to the Mesa Cortina Subdivision (Mesa Cortina). The District receives monthly fees to provide water and sewer transmission service. MCWSD is responsible for the operations and maintenance of Mesa Cortina. The District has agreed to provide water and sewer services to Mesa Cortina in perpetuity. During 2025, the District received $106,542 in water and sewer fees from Mesa Cortina.

NOTE 8: RETIREMENT COMMITMENTS

Deferred Compensation Plan

The District has established a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by ICMARC. Eligible employees may participate in the Plan at their option. The District matched 100% of the eligible employees' contributions, up to 2% and 10% of their covered salary. During the year ended December 31, 2025, the District contributed $21,589 to the Plan.

NOTE 9: RISK MANAGEMENT

Public Entity Risk Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The District plans to provide for or restore the economic damages of those losses through risk transfer. The District participates in the Colorado Special Districts Property and Liability Pool (the "Pool").

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs.

NOTE 9: RISK MANAGEMENT (Continued)

All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool.

NOTE 10: 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. 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's management believes a significant portion of its operations qualifies for the "enterprise" exclusion allowed by the Amendment.

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 $75,200 was reported as a restriction of fund balance in the General Fund.

Tax Spending Limitation

Section 29-1-1702, Colorado Revised Statutes (C.R.S.), contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating revenue from property taxes is generally limited to a 10.50% increase over a two-year period (5.25% each year); such increase is determined based on a prior assessment period and adjusted for allowable exclusion and exemptions from qualified property tax revenues.

The Town's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

NOTE 11: CONSERVATION TRUST RESTRICTED FUNDS

The District receives lottery funds from the State of Colorado, which are restricted to recreational and related activities. The balance of these funds at December 31, 2024 was $7,202. During 2025, the District received an additional $10,488, the restricted funds earned $6,120 in interest and the District expended $6,735 leaving funds available at December 31, 2025 of $17,075 for future spending. This amount is presented in the General fund as fund balance restricted for conservation trust activities.

REQUIRED SUPPLEMENTARY INFORMATION

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025
(With Comparative Actual Totals for the Year Ended December 31, 2024)

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Taxes				
Property Taxes	$ 1,713,047	$ 1,720,038	$ 6,991	$ 1,381,132
Property Taxes Backfill	-	-	-	78,825
Sales Taxes	450,000	493,616	43,616	472,234
Specific Ownership Taxes	77,087	72,015	(5,072)	55,868
Intergovernmental				
Conservation Trust	12,519	10,488	(2,031)	10,996
County Road and Bridge	124,575	124,575	-	169,575
Charges for Services	-	-	-	1,000
Apartment Rent	-	-	-	19,500
Investment Income	111,444	90,809	(20,635)	147,448
Miscellaneous Income	500	5,251	4,751	17,908
TOTAL REVENUES	2,489,172	2,516,792	27,620	2,354,486
EXPENDITURES				
Current				
General Government	612,629	282,806	329,823	362,565
Public Works	845,223	856,102	(10,879)	1,078,467
Parks and Recreation	-	6,735	(6,735)	32,079
Capital Outlay	734,055	638,306	95,749	523,670
Debt Service				
Principal	99,654	93,280	6,374	-
Contingency	50,000	-	50,000	-
TOTAL EXPENDITURES	2,341,561	1,877,229	464,332	1,996,781
EXCESS OF REVENUES OVER EXPENDITURES	147,611	639,563	491,952	357,705
OTHER FINANCING SOURCES (USES)				
Equipment Financing	580,216	574,097	(6,119)	-
Transfers Out	(270,924)	-	270,924	(244,935)
TOTAL OTHER FINANCING SOURCES (USES)	309,292	574,097	264,805	(244,935)
NET CHANGE IN FUND BALANCE	456,903	1,213,660	756,757	112,770
FUND BALANCE, Beginning	2,476,541	2,669,258	192,717	2,556,488
FUND BALANCE, Ending	$ 2,933,444	$ 3,882,918	$ 949,474	$ 2,669,258

See the accompanying Independent Auditors' Report.

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

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.

SUPPLEMENTARY INFORMATION

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

BUDGETARY COMPARISON SCHEDULE
WATER AND SEWER UTILITY FUND
Year Ended December 31, 2025
(With Comparative Actual Totals for the Year Ended December 31, 2024)

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Sewer Service Fees	$ 1,213,253	$ 1,212,173	$ (1,080)	$ 1,123,281
Water Service Fees	1,178,733	1,191,547	12,814	1,085,176
Sewer Tap Fees	-	16,200	16,200	35,100
Water Tap Fees	-	15,300	15,300	35,100
Investment Income	188,926	96,674	(92,252)	62,509
Grant Revenue	-	-	-	1,500,000
Miscellaneous	-	39,370	39,370	2,088
Transfers In	270,924	-	(270,924)	244,935
CWRPDA Loan Proceeds	-	-	-	4,983,821
TOTAL REVENUES	2,851,836	2,571,264	(280,572)	9,072,010
EXPENDITURES				
Water Operations	842,286	710,404	131,882	518,034
Sewer Operations	876,573	970,021	(93,448)	831,691
Administration and General	321,911	568,397	(246,486)	381,095
Debt Service				
Principal	274,158	266,639	7,519	132,245
Interest	223,889	175,811	48,078	75,857
Capital Outlay	2,862,098	1,271,223	1,590,875	956,837
TOTAL EXPENDITURES	5,400,915	3,962,495	1,438,420	2,895,759
CHANGE IN NET POSITION, Budgetary Basis	$ (2,549,079)	(1,391,231)	$ 1,157,848	6,176,251
ADJUSTMENTS TO GAAP BASIS				
Net Income from Joint Sewer Authority		176,081		129,947
Net Income from Sewer Operation in Joint Sewer Authority		47,143		35,283
CWRPDA Loan Proceeds		-		(4,983,821)
CWRPDA Loan Principal		266,639		132,245
Capital Outlay		1,271,223		956,837
Amortization		(8,605)		(1,887)
Depreciation		(404,353)		(399,915)
CHANGE IN NET POSITION, GAAP Basis		(43,103)		2,044,940
NET POSITION, Beginning		11,770,719		9,725,779
NET POSITION, Ending		$ 11,727,616		$ 11,770,719

See the accompanying Independent Auditor's Report.