

Eagle Ranch Metropolitan District  
Eagle County, Colorado

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

March 11, 2022

Board of Directors  
Eagle Ranch Metropolitan District  
Eagle County, Colorado

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Eagle Ranch Metropolitan District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Eagle Ranch Metropolitan District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Eagle Ranch Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibility of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eagle Ranch Metropolitan 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 Responsibility 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.

March 11, 2022  
Eagle Ranch Metropolitan District  
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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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eagle Ranch Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eagle Ranch Metropolitan 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***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of revenues, expenditures and changes in fund balances – budget and actual for the general fund and for the water tap fee special revenue fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle Ranch Metropolitan District's basic financial statements. The schedules of revenues, expenditures

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and changes in fund balances – budget and actual for the debt service fund and for the golf fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

 Beckstead & Co., LLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# Eagle Ranch Metropolitan District

## Management's Discussion and Analysis December 31, 2021

As management of the Eagle Ranch Metropolitan District ("District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also includes supplementary information after the notes to the financial statements.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on the District's assets, deferred outflows, liabilities and deferred inflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and interest on long-term debt. The business-type activity of the District is a golf course.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds, and proprietary funds.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



## Overview of the Financial Statements (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental funds financial statements are located on pages 10 through 12 of this report.

**Proprietary funds:** The District maintains one proprietary fund. The District uses the Golf Fund to account for its golf course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 13 through 15 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 16 through 30 of this report.

## Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements for the years ended December 31, 2021 and 2020 .

### Eagle Ranch Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets and Deferred Outflows:</b>						
Current and other current assets	\$ 6,587,362	\$ 5,934,764	\$ 235,643	\$ 148,176	\$ 6,823,005	\$ 6,082,940
Capital and other non-current assets	-	-	9,020,218	9,102,965	9,020,218	9,102,965
<b>Total Assets and Deferred Outflows</b>	<b>6,587,362</b>	<b>5,934,764</b>	<b>9,255,861</b>	<b>9,251,141</b>	<b>15,843,223</b>	<b>15,185,905</b>
<b>Liabilities and Deferred Inflows:</b>						
Current liabilities and deferred inflows	3,475,234	3,415,339	138,857	51,369	3,614,091	3,466,708
Long-term liabilities	8,570,000	9,661,505	26,269	11,933	8,596,269	9,673,438
<b>Total Liabilities and Deferred Inflows:</b>	<b>12,045,234</b>	<b>13,076,844</b>	<b>165,126</b>	<b>63,302</b>	<b>12,210,360</b>	<b>13,140,146</b>
<b>Net Position:</b>						
Net investment in capital assets	(9,680,000)	(10,671,505)	9,020,218	9,102,965	(659,782)	(1,568,540)
Restricted	156,213	133,723	-	-	156,213	133,723
Unrestricted (deficit)	4,065,915	3,395,702	70,517	84,874	4,136,432	3,480,576
<b>Total Net Position (Deficit)</b>	<b>(5,457,872)</b>	<b>(7,142,080)</b>	<b>9,090,735</b>	<b>9,187,839</b>	<b>3,632,863</b>	<b>2,045,759</b>

A portion of the District's net position is subject to the external restrictions as to how they can be used.

At the end of the both years, The District's net position in the governmental activities had a negative balance due to infrastructure, which was paid for with the debt issued, being transferred to the Town of Eagle, Colorado. The business-type activities reported a positive balance.

## Government-wide Financial Analysis (continued)

### Eagle Ranch Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,807,787	\$ 1,583,250	\$ 1,807,787	\$ 1,583,250
Grants and contributions	37,500	16,500	-	-	37,500	16,500
General revenues:						
Property taxes	2,367,588	2,328,840	-	-	2,367,588	2,328,840
Other taxes	129,623	115,991	-	-	129,623	115,991
Interest and other	8,000	33,393	1,070	(591)	9,070	32,802
Transfers	(307,000)	(181,000)	307,000	181,000	-	-
<b>Total Revenues</b>	<u>2,235,711</u>	<u>2,313,724</u>	<u>2,115,857</u>	<u>1,763,659</u>	<u>4,351,568</u>	<u>4,077,383</u>
<b>Expenses:</b>						
General government	154,473	147,489	-	-	154,473	147,489
Interest on long-term debt	397,030	414,423	-	-	397,030	414,423
Golf course operations	-	-	2,212,961	1,912,895	2,212,961	1,912,895
<b>Total Expenses</b>	<u>551,503</u>	<u>561,912</u>	<u>2,212,961</u>	<u>1,912,895</u>	<u>2,764,464</u>	<u>2,474,807</u>
<b>Change in Position</b>	1,684,208	1,751,812	(97,104)	(149,236)	1,587,104	1,602,576
<b>Net Position- Beginning</b>	<u>(7,142,080)</u>	<u>(8,893,892)</u>	<u>9,187,839</u>	<u>9,337,075</u>	<u>2,045,759</u>	<u>443,183</u>
<b>Net Position- Ending</b>	<u>\$ (5,457,872)</u>	<u>\$ (7,142,080)</u>	<u>\$ 9,090,735</u>	<u>\$ 9,187,839</u>	<u>\$ 3,632,863</u>	<u>\$ 2,045,759</u>

### Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

**Governmental funds:** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,241,034, an increase of \$678,490 from the prior year. Of the fund balance, \$156,213 is restricted, meaning it is not available for new spending because it has already been committed for emergencies under the Taxpayers' Bill of Rights (TABOR), future debt service, and tap fee reimbursements. The remaining \$4,084,821 is unassigned and is available for spending in future years.

**Proprietary funds:** The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the proprietary fund totaled \$9,090,735 at the end of 2021 compared to \$9,187,839 at the end of 2020, resulting in a minor decrease. At the end of 2021, \$9,020,218 of the net position balance was invested in capital assets and \$70,517 was available for spending at the District's discretion.

**Budget variances:** Details of the budget variances can be seen on pages 31, 32 and 33 for the governmental funds and page 34 for the proprietary fund.

**Capital assets:** The District invested in capital asset additions of \$186,014 during 2021 and recorded depreciation expense of \$268,761 in the business-type activities. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page 26 of this report.

**Long-term debt:** The District refunded the Series 2011 Bonds during 2021 and overall reduced its outstanding long term debt balance by \$940,000 bringing the 2021 year-end balance to \$9,680,000. Additional information can be found in the Notes to the Financial Statements on pages 27 and 28 of this report.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eagle Ranch Metropolitan District, c/o Marchetti & Weaver, LLC, 28 Second Street, Unit 213, Edwards, CO 81632, (970) 926-6060.

Eagle Ranch Metropolitan District  
STATEMENT OF NET POSITION  
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 4,231,250	\$ 108,432	\$ 4,339,682
Receivables			
Property taxes	2,343,936	-	2,343,936
Accounts	-	4,814	4,814
Due from county treasurer	12,176	-	12,176
Prepaid expenses	-	69,101	69,101
Inventories	-	53,296	53,296
Capital assets, net	-	9,020,218	9,020,218
<b>Total Assets</b>	<u>6,587,362</u>	<u>9,255,861</u>	<u>15,843,223</u>
<b>Liabilities</b>			
Accounts payable	2,392	110,105	112,497
Accrued interest payable	18,906	-	18,906
Accrued wages payable	-	8,642	8,642
Revenue received in advance of service	-	20,110	20,110
Due within one year			
Bonds payable	1,110,000	-	1,110,000
Due beyond one year			
Accrued compensated absences	-	26,269	26,269
Bonds payable	8,570,000	-	8,570,000
<b>Total Liabilities</b>	<u>9,701,298</u>	<u>165,126</u>	<u>9,866,424</u>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	2,343,936	-	2,343,936
<b>Total Deferred Inflows of Resources</b>	<u>2,343,936</u>	<u>-</u>	<u>2,343,936</u>
<b>Net Position</b>			
Net investment in capital assets	(9,680,000)	9,020,218	(659,782)
Restricted for emergencies	53,734	-	53,734
Restricted for tap fees	28	-	28
Restricted for debt service	102,451	-	102,451
Unrestricted (deficit)	4,065,915	70,517	4,136,432
<b>Total Net Position</b>	<u>\$ (5,457,872)</u>	<u>\$ 9,090,735</u>	<u>\$ 3,632,863</u>

The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General government	\$ 154,473	\$ -	\$ 37,500	\$ (116,973)	\$ -	\$ (116,973)
Interest on long term debt	397,030	-	-	(397,030)	-	(397,030)
<b>Total Governmental Activities</b>	551,503	-	37,500	(514,003)	-	(514,003)
<b>Business-type Activities:</b>						
Golf operations	2,212,961	1,807,787	-	-	(405,174)	(405,174)
<b>Total Business-type Activities</b>	2,212,961	1,807,787	-	-	(405,174)	(405,174)
<b>Total Primary Government</b>	<u>\$ 2,764,464</u>	<u>\$ 1,807,787</u>	<u>\$ 37,500</u>	(514,003)	(405,174)	(919,177)
<b>General revenues</b>						
Taxes						
Property taxes				2,367,588	-	2,367,588
Specific ownership tax				129,623	-	129,623
Investment earnings				8,000	20	8,020
Other income				-	1,050	1,050
Gain (loss) on disposal of capital assets				-	-	-
Transfers				(307,000)	307,000	-
<b>Total general revenues</b>				<u>2,198,211</u>	<u>308,070</u>	<u>2,506,281</u>
<b>Change in Net Position</b>				1,684,208	(97,104)	1,587,104
<b>Net Position -Beginning</b>				<u>(7,142,080)</u>	<u>9,187,839</u>	<u>2,045,759</u>
<b>Net Position -Ending</b>				<u>\$ (5,457,872)</u>	<u>\$ 9,090,735</u>	<u>\$ 3,632,863</u>

The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2021

	General Fund	Debt Service Fund	Water Tap Fee Fund	Total Governmental Funds
<b>Assets</b>				
Equity in pooled cash and investments	\$ 4,130,750	\$ 98,972	\$ 1,528	\$ 4,231,250
Due from county treasurer	8,697	3,479	-	12,176
Property taxes receivable	1,890,271	453,665	-	2,343,936
<b>Total Assets</b>	<b>\$ 6,029,718</b>	<b>\$ 556,116</b>	<b>\$ 1,528</b>	<b>\$ 6,587,362</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 892	\$ -	\$ 1,500	\$ 2,392
<b>Total Liabilities</b>	892	-	1,500	2,392
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	1,890,271	453,665	-	2,343,936
<b>Total Deferred Inflows of Resources</b>	1,890,271	453,665	-	2,343,936
<b>Fund Balances</b>				
Restricted for emergencies	53,734	-	-	53,734
Restricted for tap fees	-	-	28	28
Restricted for debt service	-	102,451	-	102,451
Unassigned	4,084,821	-	-	4,084,821
<b>Total Fund Balances</b>	4,138,555	102,451	28	4,241,034
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,029,718</b>	<b>\$ 556,116</b>	<b>\$ 1,528</b>	

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Long-term assets and liabilities are not currently available or due and payable in the current period and, therefore, are not reported in the funds. Details of these amounts are as follows:

Accrued interest payable	\$ (18,906)	
Bonds payable	(9,680,000)	
		\$ (9,698,906)

<b>Net Position of Governmental Activities</b>	<b>\$ (5,457,872)</b>
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The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended December 31, 2021

	General Fund	Debt Service Fund	Water Tap Fee Fund	Total Governmental Funds
<b>Revenues:</b>				
Property tax	\$ 1,691,134	\$ 676,454	\$ -	\$ 2,367,588
Specific ownership tax	92,588	37,035	-	129,623
Investment earnings	7,418	582	-	8,000
Tap fees	-	-	37,500	37,500
<b>Total Revenues</b>	<u>1,791,140</u>	<u>714,071</u>	<u>37,500</u>	<u>2,542,711</u>
<b>Expenditures</b>				
General and administrative				
Accounting and audit	38,692	-	-	38,692
Insurance	3,676	-	-	3,676
Legal	170	-	-	170
Office Supplies	2,411	-	-	2,411
Treasurer's fees	50,778	20,311	-	71,089
Other	30	905	-	935
Tap fees-developer and Town of Eagle	-	-	37,500	37,500
Debt service				
Principal	-	4,900,000	-	4,900,000
Interest	-	409,634	-	409,634
Issuance costs	-	53,114	-	53,114
<b>Total Expenditures</b>	<u>95,757</u>	<u>5,383,964</u>	<u>37,500</u>	<u>5,517,221</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,695,383	(4,669,893)	-	(2,974,510)
<b>Other Financing Sources (Uses)</b>				
Net operating transfers in (out)	(1,017,000)	710,000	-	(307,000)
Refunding bonds issued	-	3,960,000	-	3,960,000
<b>Net Other Financing Sources (Uses)</b>	<u>(1,017,000)</u>	<u>4,670,000</u>	<u>-</u>	<u>3,653,000</u>
<b>Net Change in Fund Balances</b>	678,383	107	-	678,490
<b>Fund Balances-Beginning</b>	<u>3,460,172</u>	<u>102,344</u>	<u>28</u>	<u>3,562,544</u>
<b>Fund Balances-Ending</b>	<u>\$ 4,138,555</u>	<u>\$ 102,451</u>	<u>\$ 28</u>	<u>\$ 4,241,034</u>

The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2021

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**Net Change in Fund Balances of Governmental Funds** \$ 678,490

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Details of these differences are as follows:

Bond proceeds	(3,960,000)	
Bond principal payments	4,900,000	
Change in accrued interest	14,213	
Amortization of bond issue premiums	<u>51,505</u>	
		<u>1,005,718</u>

**Change in Net Position of Governmental Activities** \$ 1,684,208

The accompanying notes are an integral part of this statement.



Eagle Ranch Metropolitan District  
STATEMENT OF NET POSITION  
Proprietary Fund - Golf Fund  
December 31, 2021 (With Comparative Totals for 2020)

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 108,432	\$ 73,851
Accounts receivable	4,814	5,645
Prepaid expenses	69,101	38,715
Inventories	53,296	29,965
<b>Total Current Assets</b>	235,643	148,176
<b>Capital Asset</b>		
Fixed assets, net of accumulated depreciation	9,020,218	9,102,965
<b>Total Capital Assets</b>	9,020,218	9,102,965
<b>Total Assets</b>	\$ 9,255,861	\$ 9,251,141
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 110,105	\$ 26,580
Accrued wages payable	8,642	8,227
Revenue received in advance of service	20,110	16,562
<b>Total Current Liabilities</b>	138,857	51,369
<b>Long-term Liabilities</b>		
Accrued compensated absences	26,269	11,933
<b>Total Long-term Liabilities</b>	26,269	11,933
<b>Total Liabilities</b>	165,126	63,302
<b>Net Position</b>		
Net investment in capital assets	9,020,218	9,102,965
Unrestricted	70,517	84,874
<b>Total Net Position</b>	9,090,735	9,187,839
<b>Total Liabilities and Net Position</b>	\$ 9,255,861	\$ 9,251,141

The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND - GOLF FUND  
For the year ended December 31, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues:</b>		
Green fees	\$ 1,025,330	\$ 917,188
Cart rentals	274,642	265,163
Golf revenue-other	107,066	73,351
Golf shop revenue	181,311	165,414
Golf shop cost of sales	(121,312)	(121,190)
Food and beverage revenue	219,438	161,228
Food and beverage cost of sales	<u>(77,437)</u>	<u>(61,013)</u>
<b>Total Operating Revenues</b>	1,609,038	1,400,141
<b>Operating Expenses</b>		
Golf course maintenance	865,091	683,312
General and administrative	313,862	287,245
Golf operations	307,485	286,355
Food and beverage operations	115,717	85,955
Clubhouse operations	82,375	60,374
Marketing	43,807	42,115
Golf shop operations	17,114	14,152
Depreciation	<u>268,761</u>	<u>271,184</u>
<b>Total Operating Expenses</b>	<u>2,014,212</u>	<u>1,730,692</u>
<b>Operating (Loss)</b>	(405,174)	(330,551)
<b>Non-operating Revenue (Expenses)</b>		
Interest income	20	27
Other income	1,050	7,494
Gain (loss) on disposal of capital assets	-	(7,206)
<b>Total Non-operating Revenues (Expense)</b>	<u>1,070</u>	<u>315</u>
<b>Net Income (Loss) Before Transfers</b>	(404,104)	(330,236)
Transfers from other funds	<u>307,000</u>	<u>181,000</u>
<b>Change in Net Position</b>	(97,104)	(149,236)
<b>Net Position - Beginning of Year</b>	<u>9,187,839</u>	<u>9,337,075</u>
<b>Net Position - End of Year</b>	<u>\$ 9,090,735</u>	<u>\$ 9,187,839</u>

The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - GOLF FUND

For the year ended December 31, 2021 (With Comparative Totals for 2020)

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers and others	\$ 1,813,216	\$ 1,596,806
Cash paid for goods and services	(978,413)	(764,544)
Cash paid to employees and benefits	(1,011,726)	(877,717)
<b>Net Cash (Used) by Operating Activities</b>	(176,923)	(45,455)
<b>Cash Flows from Non-Capital Financing Activities</b>		
Transfers	307,000	181,000
<b>Net Cash Provided by Investing Activities</b>	307,000	181,000
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from sale of fixed assets	-	3,000
Purchase of fixed assets	(95,516)	(133,812)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	(95,516)	(130,812)
<b>Cash Flows from Investing Activities</b>		
Interest income	20	27
<b>Net Cash Provided by Investing Activities</b>	20	27
<b>Net Increase (Decrease) in Cash and Equivalents</b>	34,581	4,760
Cash and Equivalents at beginning of year	73,851	69,091
Cash and Equivalents at end of year	\$ 108,432	\$ 73,851
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities</b>		
Operating (loss)	\$ (405,174)	\$ (330,551)
Adjustment to reconcile operating (loss) to net cash (used) by operating activities		
Depreciation	268,761	271,184
Other income	1,050	7,494
(Increase) decrease in prepaid expenses	(30,386)	(22,244)
(Increase) decrease in accounts receivable	831	3,976
(Increase) decrease in inventory	(23,331)	15,848
Increase (decrease) in accounts payable, net of capital activity	(6,973)	4,739
Increase (decrease) in accrued wages	415	8,227
Increase (decrease) in revenue received in advance of service	3,548	2,992
Increase (decrease) in accrued payroll and compensated absences	14,336	(7,120)
<b>Total Adjustments</b>	228,251	285,096
<b>Net Cash (Used) by Operating Activities</b>	\$ (176,923)	\$ (45,455)
Supplemental disclosure of noncash investing activities:		
Purchase of fixed assets by incurring accounts payable	\$ 90,498	\$ -

The accompanying notes are an integral part of this statement.

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Eagle Ranch Metropolitan District (the “District”) is a quasi-municipal corporation and a political subdivision of the State of Colorado. The District was formed pursuant to Colorado Revised Statutes as amended on November 30, 1998, and after approval of the eligible electors of the District at a special election held November 3, 1998. The District was created for the purpose of assisting in the financing and construction of a residential community known as Eagle Ranch Development (the “Development”). The District and the Development comprise approximately 1,941 acres of land.

The property within the District was incorporated into the Town of Eagle (the “Town”) pursuant to an Agreement Relating to the Annexation and Development of Property as of January 12, 1999 and subsequently amended through 2006. Pursuant to the Intergovernmental Improvement Agreement dated as of April 13, 1999 between the District and the Town and the Service Plan adopted by the Town Board of Trustees on July 21, 1998 and the Board of County Commissioners on August 10, 1998, the District in conjunction with the Developer is authorized to finance and provide certain public facilities in the Development, including certain collector and arterial roads, water and sanitary sewer lines, drainage facilities, landscaping and recreational improvements, including a golf course.

Pursuant to the Intergovernmental Agreement between the District and the Town, the District has conveyed to the Town the infrastructure, excluding the golf course. The Town now owns and has the responsibility of operating and maintaining the infrastructure, and therefore, the infrastructure is not reported as an asset of the District. The District’s expenditures for acquisition of the infrastructure within the District do not constitute the total cost of the infrastructure as the Developer has directly funded the cost of the infrastructure that the District could not fund.

Pursuant to the Intergovernmental Agreement between the District and the Town, the Town may elect to acquire the golf course and related facilities and equipment by assumption of the outstanding bonded indebtedness or pay the outstanding debt by refinancing the debt. The Town has not elected to acquire the golf course at December 31, 2021. Nothing in the Intergovernmental Agreement shall require the town to acquire the golf course if it is not reasonably capable of paying the debt from the pledge of golf course revenues.

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

1. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent, i.e., unable to adopt a budget, levy taxes or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

2. 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 of the non-fiduciary activities of the primary government. *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 Activities demonstrates the degree to which the direct expenses of a given function or segments 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. Other items not properly included amount program revenues are reported instead as *general revenues*.

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

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. 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 a 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected with 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

The *Special Revenue Fund (Water Tap Fee Fund)* accounts for the collection of the tap fees and payment of the tap fees to the Town and the Developer.

The District reports the following proprietary fund:

The *Golf Fund* accounts for activities of the golf course.

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for golf related fees. Operating expenses for enterprise funds 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.

4. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments purchased with a maturity of twelve months or less to be cash equivalents. Certificates of deposit with maturities exceeding twelve months are also considered to be cash equivalents when early redemption charges would not be significant.

5. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The trade and property taxes receivable are shown net of estimated uncollectible amounts. All receivables at December 31, 2021 are considered collectible and, therefore, an allowance for uncollectible taxes and trade receivables has not been recorded.

6. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

7. Capital Assets

The District does not report any infrastructure assets as these assets are the assets of the Town.

The initial capitalized assets of the business-type activities are recorded at historical cost. The reported values exclude normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the asset or extend its useful life beyond the original estimates. The District capitalizes assets with original cost exceeding \$5,000.

Depreciation is provided on a straight-line basis over the estimated useful life of the business-type activities assets ranging from 3 to 40 years.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Premiums are deferred and amortized over the life of the bonds using the effective interest method.

9. Restricted Net Position

Certain net position is restricted by Colorado legal statutes and by legal covenants for emergencies and future payments of debt.

10. Comparative Data

Certain comparative amounts are presented as of and for the year ended December 31, 2020. This information is presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. For a complete presentation, the audited financial statements for that period should be obtained.

11. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

12. Fund Balances

In the governmental fund financial statements fund balance is reported in five classifications as follows.



Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Nonspendable:** Prepaid expenses represent fund balance amounts that are not in spendable form.

**Restricted:** The Colorado Constitution as amended by TABOR (see separate statutory compliance note) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. Fund balance in the Water Tap Fee Fund is restricted for future tap fees. Fund balance in the debt service fund is restricted for repayment of debt.

**Committed:** Committed is that portion of fund balance that has been committed by the highest level of formal action of the District’s Board of Directors and does not lapse at year-end. The District does not have any committed fund balance at year end.

**Assigned:** Assignments of fund balance are designated by District management. The District does not have any assigned fund balance at year end.

**Unassigned:** Fund balance that has not been reported in any other classification is reported as unassigned.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental funds financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**NOTE B– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds, as required by Colorado Statutes.

In the fall of each year, the District’s Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local budget law. The budget for the governmental funds is adopted on a basis consistent with generally accepted accounting principles (“GAAP”).

The budget for the proprietary funds are adopted on a Non-GAAP budgetary basis and are reconciled to GAAP basis on the budget to actual statements and as presented below:

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE B– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED**

	Golf Fund
Net Income (Loss) - Non-GAAP Basis	\$ 393
Reconciliation to GAAP Basis	
Depreciation and amortization	(268,761)
Capitalized expenditures	186,014
Change in accrued compensated absences	(14,750)
Net Income (Loss) GAAP Basis	\$ (97,104)

As required by Colorado Statutes, the District followed this timetable in approving and enacting a budget for the ensuing year.

1. Prior to August 25 of each year, the County Assessor sends the District a certified assessed valuation of all taxable property within the District’s boundaries. The County Assessor may change the assessed valuation only once by a single notification to the District, on or before December 10.
2. On or before October 15 of each year, the Budget Director submitted to the District’s Board of Directors a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District’s operating requirements.
3. Prior to December 15, the District computed and certified to the county Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
4. After a required publication of “Notice of Proposed Budget” and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
5. After adoption of the budget resolution, the District may make the following changes: a.) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b.) supplemental appropriations to the extent of revenues in excess of the estimate in the budget; c.) emergency appropriations; and d.) reduction of appropriations for which originally estimated revenues are insufficient.

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE B– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED**

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2021 will be collected in 2022. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not utilized by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in future years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergency only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2021, year-end fund balances for emergencies in the amount of \$53,734.

Under TABOR, future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

Eagle Ranch Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE B– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED**

The District’s electorate approved that the District be authorized to collect, retain, and spend all revenues collected from the District’s property tax rate of 25 mills, and from all other funds and sources, commencing January 1, 1999, and continuing thereafter, as a voter-approved revenue change, offset, and an exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

As of December 31, 2021, the District had no remaining authorized but unissued debt.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**NOTE C – DEPOSITS AND INVESTMENTS**

Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal Depository Insurance Corporation (“FDIC”) levels must be collateralized. The eligible collateral is determined by PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

The District’s deposits are entirely covered by FDIC or by the collateral required by the PDPA. The FDIC insures the first \$250,000 of the District’s deposits at each financial institution. At December 31, 2021, the District’s cash deposits and investments had a carrying balance and a bank balance as follows:

<u>Type</u>	<u>Rating</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Maturities of Less Than One Year</u>
Deposits				
Checking		\$ 54,234	\$ 48,720	\$ 48,720
Certificates of deposit		387,549	387,621	138,000
Investments				
COLOTRUST investment pool	AAAm	3,903,341	3,903,341	3,903,341
		<u>\$ 4,345,124</u>	<u>\$ 4,339,682</u>	<u>\$ 4,090,061</u>

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED**

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holding in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities, the District has limited its interest rate risk.

**Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District’s general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments.

**Concentration of Credit Risk.** The District diversifies its investments by security type and institution.

Colorado state statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in their name, or in custody of a third party on behalf of the local government.

Included in cash and cash equivalents are funds held in the Colorado Local Government Liquid Asset Trust (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 operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. Plus+ and Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor’s and the EDGE portfolio is rated AA Af/S1 by Fitch Ratings.

As of December 31, 2021, the District had \$0 invested in Prime, \$3,903,341 invested in Plus+, and \$0 invested in Edge.

A summary of the District’s cash and investments at December 31, 2021 is shown below:

Cash in banks	\$ 436,341
Colostrust	3,903,341
	<u>\$ 4,339,682</u>

Eagle Ranch Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE D – RECEIVABLES**

Receivables as of year-end for the government’s individual funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Golf Fund	Total
Property taxes	\$ 1,890,271	\$ 453,665	\$ -	\$ 2,343,936
Trade accounts	-	-	4,814	4,814
Total	1,890,271	453,665	4,814	2,348,750
Less: allowance for uncollectible accounts	-	-	-	-
Net Total Receivables	<u>\$ 1,890,271</u>	<u>\$ 453,665</u>	<u>\$ 4,814</u>	<u>\$ 2,348,750</u>

**NOTE E – CAPITAL ASSETS**

	Beginning	Additions	Disposals	Ending
<b>Buisness-type Activities</b>				
Capital assets not being depreciated				
Land and golf course infrastructure	\$ 6,557,075	\$ -	\$ -	\$ 6,557,075
Capital assets being depreciated				
Golf equipment	343,495	-	-	343,495
Food and beverage equipment	73,508	5,775	-	79,283
Maintenance equipment	1,081,414	170,239	-	1,251,653
Clubhouse equipment	75,544	10,000	-	85,544
Buildings	3,720,928	-	-	3,720,928
Golf course	1,158,729	-	-	1,158,729
Total capital assets being depreciated	<u>6,453,618</u>	<u>186,014</u>	<u>-</u>	<u>6,639,632</u>
Total capital assets of business-type activities	<u>\$ 13,010,693</u>	<u>\$ 186,014</u>	<u>\$ -</u>	<u>\$ 13,196,707</u>
Accumulated depreciation				
Golf equipment	(269,265)	(49,487)	-	(318,752)
Food and beverage equipment	(40,931)	(6,995)	-	(47,926)
Maintenance equipment	(813,234)	(80,333)	-	(893,567)
Clubhouse equipment	(37,693)	(7,749)	-	(45,442)
Buildings	(1,759,359)	(103,256)	-	(1,862,615)
Golf course	(987,246)	(20,941)	-	(1,008,187)
Total accumulated depreciation	<u>(3,907,728)</u>	<u>(268,761)</u>	<u>-</u>	<u>(4,176,489)</u>
Total Business-type Activities, Net	<u>\$ 9,102,965</u>	<u>\$ (82,747)</u>	<u>\$ -</u>	<u>\$ 9,020,218</u>

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE E – CAPITAL ASSETS – CONTINUED**

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 40 years. Depreciation expense of \$268,761 was charged to golf operations business-type activities.

**NOTE F – LONG-TERM DEBT**

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for the governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

**\$4,545,000 General Obligation Refunding bonds Series 2011**

The Series 2011 Bonds (“Bonds”) are general obligation bonds of the District, payable from ad valorem property taxes without limitation on property located within the District. Bonds maturing on or before December 1, 2015 are not subject to prior redemption. There are no bonds maturing during 2016 through 2024. Bonds maturing on or after December 1, 2025 are subject to prior redemption. The Bonds were issued to refund the \$5,000,000 General Obligation Refunding and Improvement Bonds and Registered Coupons (“B” Interest), Series 2001. The interest rate on the Bonds ranges from 3.00% to 5.00%. Interest is payable June 1 and December 1 and principal is payable December 1 of each year. These bonds were refunded in 2021 with proceeds of the General Obligation Refunding loan, Series 2021.

**\$6,630,000 General Obligation Refunding bonds Series 2013**

The Series 2013 Bonds (“Bonds”) are general obligation bonds of the District, payable from ad valorem property taxes without limitation on property located within the District. The Bonds are subject to prior redemption in whole, or in part in a minimum amount of \$250,000 plus a redemption premium required by the sale certificate for the bonds. The Bonds were issued to refund the \$4,880,000 General Obligation Refunding Bonds, Series 2003 A and the \$2,105,000 General Obligation Bonds, Series 2003 B. The interest rate on the Bonds is 3.42%. Interest is payable June 1 and December 1 and principal is payable December 1 of each year.

**\$4,290,000 General Obligation Refunding bonds Series 2017**

The Series 2017 Bonds (“Bonds”) are general obligation bonds of the District, payable from ad valorem property taxes without limitation on property located within the District. The Bonds were issued to refund the \$6,805,000 General Obligation Refunding Bonds, Series 2007. The interest rate on the Bonds is 1.95%. Interest is payable June 1 and December 1 and principal is payable December 1 of each year.

Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE F – LONG-TERM DEBT – CONTINUED**

**\$3,960,000 General Obligation Refunding loan Series 2021**

The Series 2021 loan (“Loan”) is a general obligation loan of the District, payable from ad valorem property taxes without limitation on property located within the District. The Loan was issued to refund the \$4,545,000 General Obligation Refunding Bonds, Series 2011. The interest rate on the Loan is 1.50%. Interest is payable June 1 and December 1 and principal is payable December 1 of each year.

The debt service requirements for general obligation debt issues are as follows:

	General Obligation Bonds		
	Principal	Interest	Total
2022	1,110,000	226,874	1,336,874
2023	1,140,000	199,443	1,339,443
2024	1,170,000	171,207	1,341,207
2025	1,195,000	142,092	1,337,092
2026	1,225,000	115,143	1,340,143
2027-2029	3,840,000	176,388	4,016,388
	\$ 9,680,000	\$ 1,031,147	\$ 10,711,147

Changes in long-term debt for the year were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
2011 GO Refunding Bonds	\$ 3,890,000	\$ -	\$(3,890,000)	\$ -	\$ -
2013 GO Refunding Bonds	4,205,000	-	(400,000)	3,805,000	415,000
2017 GO Refunding Bonds	2,525,000	-	(610,000)	1,915,000	625,000
2021 Refunding Loan	-	3,960,000	-	3,960,000	70,000
Premiums	51,505	-	(51,505)	-	-
Total Governmental Activities	\$ 10,671,505	\$ 3,960,000	\$(4,951,505)	\$ 9,680,000	\$ 1,110,000



Eagle Ranch Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE G – INTERFUND TRANSFERS**

	Transfers Between Funds			
	General Fund	Debt Service Fund	Golf Fund	Total
General Fund	\$ -	\$ (710,000)	\$ (307,000)	\$ (1,017,000)
Debt Service Fund	710,000	-	-	710,000
Water Fund	-	-	-	-
Golf Fund	307,000	-	-	307,000
	\$ 1,017,000	\$ (710,000)	\$ (307,000)	\$ -

Inter-fund transfers are made from the General Fund to provide resources for payment of debt service by the Debt Service Fund and to provide supplemental funding of operating expenses for the Golf Fund.

**NOTE H – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; injuries to employees, or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the “Pool”) which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official’s liability and machinery coverage to its members. Members of the Pool are required to make additional surplus contributions. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2021 the Pool made no distributions to the District.

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2020 is as follows:

Assets	\$ 59,612,386
Liabilities	\$ 37,710,994
Surplus	21,901,392
	\$ 59,612,386
Revenues	\$ 23,853,329
Expenses	23,825,575
Net Income (Loss)	\$ 27,754

**NOTE I – RELATED PARTIES**

The District’s developer receives a portion of the water tap fees paid by lot owners.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE J – COMMITMENTS AND CONTINGENCIES**

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District has disclosed that there are no material outstanding claims against the District at December 31, 2021.

**NOTE K – PENSION PLANS**

Section 401(a) Plan

The District requires all employees to participate in a defined contribution money purchase pension plan (the “Retirement Plan”). The District did not elect to have its employees covered by Social Security and opted to have a money purchase pension plan retirement plan. The Retirement Plan, which is administered by ICMA Retirement Corporation (“ICMA”), offers employees the opportunity to build retirement savings with employee pre-tax contributions of 6.2% of salary for full time employees and 6.2% for seasonal employees. The District matches 6.2% of the full time employees’ contributions and 1.3% for seasonal employees with fully vested District contributions.

For 2021, total payroll for employees covered by the Retirement Plan was \$930,000. The District contributed \$30,723 on behalf of eligible employees and the employees contributed \$57,660. All eligible employees were enrolled in the Retirement Plan at December 31, 2021.

The District is the Trustee of the Retirement Plan and has no liability for losses under the Retirement Plan, but does have the duty of due care that would be required of any ordinary prudent investor. Accordingly, the Retirement Plan is not included in the District’s financial statements.

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. During 2020, the District began making a matching contribution to the plan. During 2021, the District contributed \$11,406 to the 457 plan, which represents the required 50% match to the \$22,812 of employee contributions.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

REQUIRED SUPPLEMENTARY INFORMATION

Eagle Ranch Metropolitan District  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
Year ended December 31, 2021 (With Comparative Actual Amounts for 2020)

	2021		Final Budget Variance Positive (Negative)	2020
	Original and Final Budget	Actual		Actual
<b>Revenues</b>				
Property tax	\$ 1,689,116	\$ 1,691,134	\$ 2,018	\$ 1,663,457
Specific ownership tax	84,455	92,588	8,133	82,851
Investment earnings	9,000	7,418	(1,582)	32,732
<b>Total Revenues</b>	1,782,571	1,791,140	8,569	1,779,040
<b>Expenditures</b>				
Accounting and audit	42,400	38,692	3,708	52,020
Insurance	4,200	3,676	524	3,623
Legal	5,000	170	4,830	419
Office Supplies	2,300	2,411	(111)	1,851
Treasurer's fees	50,673	50,778	(105)	49,953
Other	100	30	70	2,209
Contingency	25,000	-	25,000	-
<b>Total Expenditures</b>	129,673	95,757	33,916	110,075
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,652,898	1,695,383	42,485	1,668,965
<b>Other Financing Sources (Uses)</b>				
Net operating transfers in (out)	(1,438,000)	(1,017,000)	421,000	(915,000)
<b>Net Other Financing Sources (Uses)</b>	(1,438,000)	(1,017,000)	421,000	(915,000)
<b>Net Change in Fund Balances</b>	214,898	678,383	463,485	753,965
<b>Fund Balances-Beginning</b>	3,353,092	3,460,172	107,080	2,706,207
<b>Fund Balances-Ending</b>	\$ 3,567,990	\$ 4,138,555	\$ 570,565	\$ 3,460,172

Eagle Ranch Metropolitan District  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - WATER TAP FEE SPECIAL REVENUE FUND  
 For the year ended December 31, 2021 (With Comparative Actual Amounts for 2020)

	2021		2020	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues</b>				
Tap fees	\$ 100,000	\$ 37,500	\$ (62,500)	\$ 16,500
<b>Total Revenues</b>	100,000	37,500	(62,500)	16,500
<b>Expenditures</b>				
Tap fees- Town of Eagle and Developer	100,000	37,500	62,500	16,500
<b>Total Expenditures</b>	100,000	37,500	62,500	16,500
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-	-
<b>Fund Balances-Beginning</b>	28	28	-	28
<b>Fund Balances-Ending</b>	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 28</u>

**SUPPLEMENTARY INFORMATION**

Eagle Ranch Metropolitan District  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
For the year ended December 31, 2021 (With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 675,646	\$ 675,646	\$ 676,454	\$ 808	\$ 665,383
Specific ownership tax	33,783	33,783	37,035	3,252	33,140
Investment earnings	500	500	582	82	661
<b>Total Revenues</b>	<u>709,929</u>	<u>709,929</u>	<u>714,071</u>	<u>4,142</u>	<u>699,184</u>
<b>Expenditures</b>					
Treasurer's fees	20,269	20,269	20,311	(42)	19,981
Paying agent fees	1,000	1,000	905	95	933
Debt service:					
Principal	1,010,000	4,900,000	4,900,000	-	990,000
Interest	397,424	409,634	409,634	-	422,388
Issuance costs	-	57,790	53,114	4,676	-
Contingency	5,000	25,000	-	25,000	-
<b>Total Expenditures</b>	<u>1,433,693</u>	<u>5,413,693</u>	<u>5,383,964</u>	<u>29,729</u>	<u>1,433,302</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(723,764)	(4,703,764)	(4,669,893)	33,871	(734,118)
<b>Other Financing Sources (Uses)</b>					
Net operating transfers in (out)	724,000	724,000	710,000	(14,000)	734,000
Refunding bonds issued	-	3,960,000	3,960,000	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>724,000</u>	<u>4,684,000</u>	<u>4,670,000</u>	<u>(14,000)</u>	<u>734,000</u>
<b>Net Change in Fund Balance</b>	236	(19,764)	107	19,871	(118)
<b>Fund Balances-Beginning</b>	103,226	103,226	102,344	(882)	102,462
<b>Fund Balances-Ending</b>	<u>\$ 103,462</u>	<u>\$ 83,462</u>	<u>\$ 102,451</u>	<u>\$ 18,989</u>	<u>\$ 102,344</u>

Eagle Ranch Metropolitan District  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GOLF PROPRIETARY FUND  
For the year ended December 31, 2021 (With Comparative Actual Amounts for 2020)

	2021		2020	
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Green fees	\$ 828,000	\$ 1,025,330	\$ 197,330	\$ 917,188
Cart rentals	250,000	274,642	24,642	265,163
Golf revenue-other	80,200	107,066	26,866	73,351
Golf Shop revenue	145,500	181,311	35,811	165,414
Food and beverage revenue	166,500	219,438	52,938	161,228
Interest income	150	20	(130)	27
Proceeds on sale of capital assets	-	-	-	3,000
Other income	2,000	1,050	(950)	7,494
Transfer from other funds	714,000	307,000	(407,000)	181,000
<b>Total Revenues</b>	2,186,350	2,115,857	(70,493)	1,773,865
<b>Expenditures</b>				
Operations				
Golf course maintenance	741,931	780,036	(38,105)	665,012
General and administrative	312,653	306,487	6,166	286,691
Golf operations	303,509	307,485	(3,976)	286,355
Golf Shop merchandise	101,290	121,312	(20,022)	121,190
Food and beverage operations	105,199	115,717	(10,518)	85,955
Clubhouse operations	68,270	82,375	(14,105)	60,374
Food and beverage merchandise	66,560	77,437	(10,877)	61,013
Marketing	46,100	43,807	2,293	42,115
Golf Shop operations	17,143	17,114	29	14,152
Capital outlay	423,318	263,694	159,624	151,559
<b>Total Expenditures</b>	2,185,973	2,115,464	70,509	1,774,416
<b>Net Income (Loss) Non-GAAP Basis</b>	\$ 377	393	\$ 16	(551)
<b>Reconciliation to GAAP Basis</b>				
Depreciation and amortization		(268,761)		(271,184)
Gain (loss) on disposal of capital assets		-		(10,206)
Capitalized expenditures		186,014		133,812
Change in accrued compensated absences		(14,750)		(1,107)
<b>Net Income (Loss) GAAP Basis</b>		\$ (97,104)		\$ (149,236)