

**ALPINE METROPOLITAN DISTRICT and  
BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**

**2021 CONSOLIDATED ANNUAL REPORT**

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Pursuant to the Consolidated Service Plan for Alpine Metropolitan District ("Alpine") and Breckenridge Mountain Metropolitan District ("Breckenridge Mountain") (collectively the "Districts"), the Districts are required to submit an annual report to the Town of Breckenridge, Colorado (the "Town") in accordance with the requirements of Section 32-2-207(3)(c) of the Colorado Revised Statutes:

For the year ending December 31, 2021, the Districts make the following report:

1. Boundary changes made to the Districts' boundaries as of December 31 of the prior year.

There were no boundary changes made or proposed during 2021.

2. Intergovernmental Agreements with other governmental entities entered into as of December 31 of the prior year.

No new intergovernmental agreements were entered into during 2021.

3. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the Town as of December 31 of the prior year.

No dedications were accepted by the Town in 2021.

4. The assessed valuation of the Districts for the current year.

The current assessed valuation of the property comprising Alpine's boundaries is \$7,600 and the assessed valuation of the property comprising Breckenridge Mountain's boundaries is \$59,324,240.

5. Current year budget including a description of the Public Improvements to be constructed in such year.

Copies of the Districts' 2022 budgets are attached hereto as Exhibits A-1 and A-2.

6. Audit of the Districts' financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The audits for the 2021 fiscal year are attached as Exhibits B-1 and B-2.

7. Notice of any uncured events of default by the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

No uncured events of default by the Districts occurred in 2021.

The foregoing filing and accompanying exhibits are submitted this 8th day of July, 2022.

**EXHIBIT A-1**  
Alpine Metropolitan District  
2022 Budget

## **ALPINE METROPOLITAN DISTRICT**

### **2022 BUDGET MESSAGE**

Alpine Metropolitan District is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide parking areas and/or structures, transportation, water and distribution systems, streets, bridges, parks and recreation, and other improvements needed for the area.

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

The following budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

### **2022 BUDGET STRATEGY**

Alpine Metropolitan District is the “service” district in a dual district structure whereby its primary sources of revenues are contract fees received from the companion “financing” district, Breckenridge Mountain Metropolitan District pursuant to an IGA. The District will use these revenues along with various user fees to finance the cost of the infrastructure improvements and management of the recreation improvements. A large infrastructure project to regrade and pave Ski Hill Road that began in October 2016 was completed in October 2018. Recreation and transportation improvements were accepted by the District in November 2019 and the District assumed management of the recreation assets as of April 2021.

**ALPINE METROPOLITAN DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED ACCRUAL BASIS**

<b><u>GENERAL FUND</u></b>	<b>Cal Year 2020 Audited Actual</b>	<b>2021 Adopted Budget</b>	<b>Cal Year 2021 - Forecast</b>	<b>2022 Adopted Budget</b>	<b>Budget Comments</b>
<b>Assessed Valuation</b>					
<b>Alpine</b>	15,910	13,410	13,410	7,600	Final AV 11/21
<b>Breckenridge Mountain</b>	49,168,010	56,329,430	56,329,430	59,324,240	
<b>REVENUES - GENERAL</b>					
Property Taxes-Operating					0 mills
Specific Ownership Taxes					2.5% of Prop tax
Xfer Breck Mtn Prop Tax.-Ops	81,046	81,797	84,494	88,986	1.50 Service mill
Facility Impact Fees	0	0	0	0	
Interest Income	1,017	338	50	2,009	0.20% of unearned rev
Move From (To) PPD Capital/Service O	6,481	23,745	22,002	30,071	
<b>TOTAL REVENUES - GENERAL</b>	<b>88,544</b>	<b>105,880</b>	<b>106,546</b>	<b>121,067</b>	
<b>EXPENDITURES - G&amp;A</b>					
Accounting and Administration	34,390	35,000	35,000	36,750	
Audit	6,100	6,283	6,225	6,350	per engagement letter
Elections	2,367	0	0	5,000	
Insurance	12,638	13,017	13,816	15,474	12% increase
Legal	21,766	30,000	22,761	23,899	
Office Overhead & Expense	684	920	920	966	bank fees \$35/mo + reg OH
Transportation Repairs & Maintenance		0			Agreement with Vail Resorts for Maintenar
Contingency	0	10,000	2,000	10,000	
Capitalized Overhead	0	0	0		
<b>TOTAL G&amp;A</b>	<b>77,946</b>	<b>95,220</b>	<b>80,722</b>	<b>98,439</b>	
<b>REV OVER (UNDER) EXPEND GENERAL</b>	<b>10,598</b>	<b>10,660</b>	<b>25,824</b>	<b>22,628</b>	

No assurance is provided on these financial statements and substantially all disclosures required by GAAP have been omitted.

**ALPINE METROPOLITAN DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED ACCRUAL BASIS**

**GENERAL FUND (CONTINUED)**

	Cal Year 2020 Audited <u>Actual</u>	2021 Adopted <u>Budget</u>	Cal Year 2021 - <u>Forecast</u>	2022 Adopted <u>Budget</u>
<b>REVENUES - ICE RINK</b>				
Ice Rink Revenues		23,520	36,248	
Interest income	0	0	0	99,408
<b>TOTAL REVENUES</b>	<b>0</b>	<b>23,520</b>	<b>36,248</b>	<b>99,408</b>
<b>EXPENDITURES - ICE RINK</b>				
Total Wages		21,792	21,811	49,581
Payroll Taxes		1,896	1,365	5,225
Safety/WC		436	430	735
Education/Training		500	500	250
Uniforms		1,050	1,050	1,050
Mechanical Maintenance		1,000	2,500	2,500
Owner/Guest Comp		50	(70)	150
Printing Expense		300	450	600
Licenses & Permits		1,985	2,260	1,985
Electric/Gas		3,000	3,650	4,085
Insurance		0	0	5,550
Ice Rink Supplies		2,000	1,500	4,000
Office Supplies		200	300	600
Classified Ads		500	500	500
Meals		375	600	1,350
Employee Incentive		500	500	600
Travel		0	120	300
Credit Card Fees		2,352	1,232	4,045
Engineering Fees		4,085	3,677	11,304
Housekeeping Fees		2,692	3,029	7,600
Security Fees		950	855	2,258
Marketing Fees		750	500	1,000
Administration Fees		2,183	2,184	14,167
Management Fee		2,352	3,625	9,941
ICE RINK NON-CAPITAL MAINTENANCE				4,191
ICE RINK CAPITAL & NON-ROUTINE EXP				0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>50,948</b>	<b>52,568</b>	<b>133,566</b>
<b>REVENUE OVER (UNDER) EXPEND. -</b>	<b>0</b>	<b>(27,428)</b>	<b>(16,320)</b>	<b>(34,158)</b>
<b>OTHER SOURCES AND (USES)</b>				
Transfer (to) from Cap Improve Fund	0	776,380	848,972	0
Interdistrict Funding	(10,598)	(10,660)	(9,504)	(22,628)
<b>TOTAL OTHER SOURCES AND (USES)</b>	<b>(10,598)</b>	<b>765,720</b>	<b>839,468</b>	<b>(22,628)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>184,082</b>	<b>169,024</b>	<b>177,601</b>	<b>1,004,571</b>
Prepaid Capital and Service Obligation	(6,481)	(23,745)	(22,002)	(30,071)
<b>FUND BALANCE - ENDING</b>	<b>177,601</b>	<b>894,231</b>	<b>1,004,571</b>	<b>940,341</b>
	=	=	=	=
No assurance is provided on these financial statements and substantially all disclosures required by GAAP have been omitted.				
Reconciliation to Audit				
Unearned Revenue	(59,219)		(882,670)	(852,599)
Fund Balance Per Audit	<b>118,381</b>		<b>121,900</b>	<b>87,742</b>

Breck Blades 2022 Proposed Budget

per Ice Rink Reserve Study  
per Ice Rink Reserve Study

**Components of Fund Balance**

Replacement Reserve Storm Sewer	124,547	169,190
Replacement Reserve Ice Rink	23,431	35,807
Unrestricted	746,252	735,343
<b>Total</b>	<b>894,231</b>	<b>940,341</b>

**ALPINE METROPOLITAN DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED ACCRUAL BASIS**

**CAPITAL IMPROVEMENTS FUND**

	<b>Cal Year 2020 Audited Actual</b>	<b>2021 Adopted Budget</b>	<b>Cal Year 2021 Forecast</b>	<b>2022 Adopted Budget</b>	<b>Budget Comments</b>
<b>REVENUES</b>					
Interest income	5,522	1,729	294	0	0.2% of unearned rev
Budget Contingency for Close Out		10,000	10,000		
<b>TOTAL REVENUES</b>	<b>5,522</b>	<b>11,729</b>	<b>10,294</b>	<b>0</b>	
<b>CAPITAL EXPENDITURES</b>					
Road Improvements	0			0	
GC Preconstruction Services (PCL)	0				
General Contrator Construction (PCL)	0				
Contingency (3% of Construction)					
Water Improvements	0				
Escalators (Transportation)	2,512		0		
Gondola Tower (Transportation)	0				
Bus Turnaround (Transportation)	0				
Transportation - Gondola Project					
Ice Rink Const(Park & Rec Improvemen	42,084		0		
Ice Rink Start Up (Park & Rec Improvme	0	25,000	27,050		start up carried from 2019 - custom tarp
Sewer & Storm Driain Improvements	0				
Traffic Improvments	0				
Professional Services					
Owners Rep (OAC Management)	1,210			0	
Capitalized O/H & Admin Fee	0				
Permits/Fees/Other					
Contingency/Other	0	75,000	0	0	
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>45,807</b>	<b>100,000</b>	<b>27,050</b>	<b>0</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>(40,285)</b>	<b>(88,271)</b>	<b>(16,756)</b>	<b>0</b>	
<b>OTHER FINANCING SOURCES/(USES)</b>					
Xfer Breck Mtn Cap Oblig	0	0	0	0	
Move From (To) Prepaid Capital & Servi	40,285	98,271	26,756	0	
Xfer Breck Mountain Project Fund	0				
Developer Advance	0				
Xfer (to) from General Fund	0	(776,380)	(848,972)	0	close out Capital Improvements Fund
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>40,285</b>	<b>(678,110)</b>	<b>(822,216)</b>	<b>0</b>	
Revenue and Other Sources over Expenditures and other Uses	0	(766,380)	(838,972)	0	
<b>FUND BALANCE - BEGINNING</b>	<b>906,013</b>	<b>864,651</b>	<b>865,728</b>	<b>0</b>	
Prepaid Capital & Service Obligation	(40,285)	(98,271)	(26,756)	0	
<b>FUND BALANCE - ENDING</b>	<b>865,728</b>	<b>0</b>	<b>0</b>	<b>0</b>	

No assurance is provided on these financial statements and substantially all disclosures required by GAAP have been omitted.

Reconciliation to Audit  
Unearned Revenue  
Fund Balance Per Audit

(865,728)
<b>0</b>

<b>0</b>

**EXHIBIT A-2**  
Breckenridge Mountain Metropolitan District  
2022 Budget



## **BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**

### **2022 BUDGET MESSAGE**

Breckenridge Mountain Metropolitan District is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide parking areas and/or structures, transportation, water and distribution systems, streets, bridges, parks and recreation, and other improvements needed for the area.

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

The following budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

### **2022 BUDGET STRATEGY**

Breckenridge Mountain Metropolitan District has joined with Alpine Metropolitan District in adopting a consolidated service plan. Under this consolidated service plan, Alpine is the “service district” and Breckenridge Mountain is the “financing district.” As such, Alpine Metropolitan District is responsible for managing the construction and operation of facilities and improvements needed for the Breckenridge Mountain area and Breckenridge Mountain Metropolitan District is responsible for providing the funding and tax base needed to support the financing plan for capital improvements. The District issued Unlimited Tax General Obligation Bonds in 2010 and 2016. The 2016 Bonds were issued to refund general obligation bonds issued in 2006 and retire two Tax Supported Loan Facilities issued in 2008 and to obtain new money which has been used to construct infrastructure improvements. The District issued Unlimited General Obligation Bonds in September 2020 to refund the 2010 Bonds to eliminate a balloon payment due in 2039 and take advantage of historically low interest rates in the bond market. The District is levying a debt service property tax to pay debt service payments on its bonds.

Breckenridge Mountain Metropolitan District will also utilize a portion of the property taxes it collects to pay its obligations related to ongoing operations provided by Alpine Metropolitan District under the Intergovernmental Agreement between the Districts.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED**

MODIFIED ACCRUAL BASIS

**GENERAL FUND**

**REVENUES**

Alpine Interdistrict Funding	10,598	10,847	9,504	22,628
Xfer S.O. Tax from Debt Service	0	0	0	0
Interest Income	1	0	0	0

**TOTAL REVENUES**

<b>10,599</b>	<b>10,847</b>	<b>9,504</b>	<b>22,628</b>
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**EXPENDITURES**

Insurance	2,960	3,049	2,704	2,728
Audit	6,600	6,798	6,750	6,900
Election	1,000	0	0	12,000
Contingency Allowance	39	1,000	50	1,000

**TOTAL EXPENDITURES**

<b>10,599</b>	<b>10,847</b>	<b>9,504</b>	<b>22,628</b>
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**REVENUE OVER (UNDER) EXPEND.**

<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**OTHER FINANCING SOURCES/(USES)**

Xfr Project Funds to Alpine	0	0	0	
Prepaid Cap & Serv Oblig to Alp	(40,285)	(98,270)	(26,756)	0
Xfer from DS Fund				

**TOTAL OTHER FINANCING SOURCES**

<b>(40,285)</b>	<b>(98,270)</b>	<b>(26,756)</b>	<b>0</b>
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**FUND BALANCE - BEGINNING**

Prepaid Capital and Service Fee Change	3,757	3,758	3,757	3,757
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**FUND BALANCE - ENDING**

<b>3,757</b>	<b>3,758</b>	<b>3,757</b>	<b>3,757</b>
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No assurance is provided on these financial statements and substantially all disclosures required by GAAP have been omitted.

**Components of Fund Balance**

Restricted Bond Funds	1	0	0
Unrestricted	3,756	3,758	3,757
	<u>3,757</u>	<u>3,758</u>	<u>3,757</u>

**Reconciliation to Audit**

Prepaid Capital and Service Obligation	875,166	775,819	875,166
Fund Balance Per Audit	<u>878,923</u>	<u>779,577</u>	<u>878,923</u>

**BUDGET ASSUMPTIONS**

saly  
per engagement letter  
anticipate election

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET, ACTUAL AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED ACCRUAL BASIS**

**DEBT SERVICE FUND**

	Cal Year 2020 Audited Actual	- 2021 Adopted Budget	Cal Year 2021 - Forecast	2022 Adopted Budget	BUDGET ASSUMPTIONS
Assessed Valuation	49,168,011	56,329,430	56,329,430	59,324,240	final AV 11/21
Exempt Business Personal Property North Gondola/Gold Lot Change	0%	15%		197,117	
Services Mill Levy Rate	1.500	1.500	1.500	1.500	
Debt Mill Levy Rate	23.000	24.000	24.000	24.000	

**REVENUES**

Prop Taxes-IGA Services	81,046	84,494	84,494	88,986	transfer to Alpine
Prop Taxes-D/S	1,134,639	1,351,906	1,337,095	1,423,782	
Specific Ownership Taxes	62,307	50,274	49,756	68,075	0.2% of Beg fund bal
Interest Income	6,668	522	1,054	795	

**TOTAL REVENUES**

**1,284,660      1,487,196      1,472,399      1,581,637**

**EXPENDITURES**

Bond Interest - 2010 GO	65,338	0	0		5% of Prop Taxes
Bond Principal - 2010 GO	5,000	0	0		
Bond Interest - 2016 GO Refund & Improve	683,188	674,938	674,938	664,588	
Bond Principal - 2016 GO Refund & Improve	275,000	345,000	345,000	450,000	
Bond Interest - 2020 GO Refund	19,932	80,625	80,625	73,125	
Bond Principal - 2020 GO Refund	0	250,000	250,000	165,000	
Bond Paying Agent Fees	2,500	3,000	3,000	3,000	
Xfer IGA Serv Prop Taxes to Alpine	81,046	84,494	84,494	88,986	
Xfer Cap Oblig Prop Taxes to Alpine		0	0	0	
Treasurer's Fees	60,982	71,820	71,079	75,638	
Contingency		10,000	0	5,000	

**TOTAL EXPENDITURES**

**1,192,985      1,519,877      1,509,136      1,525,337**

**REVENUE OVER (UNDER) EXPEND.**

**91,675      (32,681)      (36,738)      56,300**

**OTHER FINANCING SOURCES/(USES)**

Cost of Issuance	(249,142)	0			=
Proceeds from 2020 GO Refund Bonds	2,725,000	0			
Orig Issue Premium/Discount, Net	192,825	0			
Bond Refunding Escrow	(2,664,354)	0			
Xfer SO tax less treas fee to Gen Fund	0	0			
Xfer Alpine IGA Cap Oblig	0	0			
Move From (To) Prepaid Cap & Svc Obligatio	(6,481)	(23,745)	(22,002)	(14,638)	
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(2,152)</b>	<b>(23,745)</b>	<b>(22,002)</b>	<b>(14,638)</b>	

**FUND BALANCE - BEGINNING**

Prepaid Capital and Service Obligation	258,535	302,455	354,539	317,802
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**FUND BALANCE - ENDING**

No assurance is provided on these financial statements and substantially all disclosures required by GAAP have been omitted.

**354,539      269,774      317,802      374,102**

**Reconciliation to Audit**

Prepaid Capital and Service Obligation	49,781	17,460		
Total	404,321	287,234		706,542

Remaining Principal 2016 GO Refund/Improve	20,425,000	20,080,000	20,080,000	19,630,000
Remaining Principal 2020 GO Refunding Bond	2,725,000	2,475,000	2,475,000	2,310,000
	23,150,000	22,555,000	22,555,000	21,940,000

**EXHIBIT B-1**  
Alpine Metropolitan District  
2021 Audit

ALPINE METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management  
Alpine Metropolitan District  
c/o Marchetti & Weaver LLC  
28 Second Street, Suite 213  
Edwards, CO 81632

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, and each major fund of Alpine Metropolitan District (the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the District, as of December 31, 2021, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute



Alpine Metropolitan District  
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assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the general fund budgetary comparison information 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.





Alpine Metropolitan District  
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**Supplementary Information**

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

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Chadwick, Steinkirchner, Davis & Co., P.C.  
June 4, 2022

# Alpine Metropolitan District

## Management's Discussion and Analysis

December 31, 2021

As management of Alpine Metropolitan District (the "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 comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also includes additional 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 all the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position.

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 governmental activity of the District is the installation and operation of the roadway and other infrastructure systems in the community.

The government-wide financial statements can be found on pages 7 and 8 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. The District currently has two funds, the General Fund and the Capital Projects Fund, both of which are governmental 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 9 through 12 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 13 through 23 of this report.

**Government-wide Financial Analysis.** The following tables show condensed financial information derived from the government-wide financial statements comparing the current year to the prior year.

	<b>Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current assets	\$ 1,053,371	\$ 1,046,441
Non-current assets	3,120,903	3,262,345
<b>Total Assets</b>	<b>4,174,274</b>	<b>4,308,786</b>
<b>Liabilities:</b>		
Current liabilities	50,777	3,112
Non-current liabilities	884,212	924,947
<b>Total Liabilities</b>	<b>934,989</b>	<b>928,059</b>
<b>Net position:</b>		
Net Investment in Capital Assets	3,120,903	3,262,345
Restricted for emergencies	3,969	2,656
Unrestricted	114,413	115,726
<b>Total Net Position</b>	<b>\$ 3,239,285</b>	<b>\$ 3,380,727</b>
<b>Revenue:</b>		
Program Revenue:		
Charges for Services	\$ 33,663	\$ -
Operating grants & contributions	98,572	87,527
Capital grants & contributions	25,769	40,285
General Revenue:		
Property taxes	-	-
Interest and other revenue	350	6,539
<b>Total Revenue</b>	<b>158,354</b>	<b>134,351</b>
<b>EXPENSES:</b>		
Program expenses:		
General government	132,285	88,543
Public Works - IGA	-	-
Public works	167,511	166,713
<b>Total Expenses</b>	<b>299,796</b>	<b>255,256</b>
<b>Change in Net Position</b>	<b>(141,442)</b>	<b>(120,905)</b>
<b>Net Position - Beginning</b>	<b>3,380,727</b>	<b>3,501,632</b>
<b>Net Position - Ending</b>	<b>\$ 3,239,285</b>	<b>\$ 3,380,727</b>

The District is the “service district” in a dual district structure whereby the District is constructing, operating and maintaining the infrastructure for the constituents of Breckenridge Mountain Metropolitan District (BMMD). The District entered into a District Facilities Construction and Service Agreement with BMMD and pursuant to this agreement, the District is obligated to construct and provide the initial financing for the primary infrastructure for the BMMD area. That infrastructure has primarily been constructed at this time and the majority of the infrastructure has been conveyed to the Town of Breckenridge for ongoing operations and maintenance. The District has retained ongoing operation, maintenance and replacement responsibility for a storm drain system, an ice rink and a bus turnaround in the Crystal Peak Lodge area with all other infrastructure being turned over to the Town of Breckenridge.

BMMD is the “financing district” and as such, has and will continue to pay a “capital obligation” to reimburse the District for the costs to construct the infrastructure as well as a “service obligation” to reimburse the District for the operating costs associated with administering and maintaining the assets. The District’s overall financial position, as measured by net position, decreased during 2021 as a result of capital improvements being depreciated. The District’s funding primarily consisted of capital and service obligation payments received from Breckenridge Mountain Metropolitan District. The expenses of the District were the operating costs associated with administering and maintaining the assets and depreciation of those assets.

### **Financial Analysis of the District’s Funds**

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable 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 a combined ending fund balance of \$118,381. The fund balance is comprised of accumulated development impact fees collected.

**Budget variances.** The District expenditures were similar to budgeted results. Details can be seen on pages 24 through 26 of this report.

**Capital assets.** The District’s investment in capital assets net of accumulated depreciation decreased due to all projects being completed and remaining assets being depreciated. Additional information as well as a detailed classification of the District’s net capital assets can be found in the Notes to the Financial Statement on page 20 of this report.

**Long-term debts.** The District does not currently have long-term debt. It has repaid all advances made by VR Holdings, Inc which funded capital improvements with net bond and loan proceeds received from BMMD. Additional information can be found in the Notes to the Financial Statement on page 20 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 Alpine Metropolitan District, Marchetti & Weaver LLC, 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

Alpine Metropolitan District

STATEMENT OF NET POSITION

December 31, 2021

Assets	
Current Assets	
Cash and cash equivalents - restricted	\$ 951,951
Accounts receivable	88,921
Prepaid expenses	12,499
Total Assets	<u>1,053,371</u>
Noncurrent Assets	
Capital Assets	
Depreciable	3,946,518
Less accumulated depreciation	(825,615)
Net capital assets	<u>3,120,903</u>
Total assets	<u>4,174,274</u>
Liabilities	
Current liabilities	
Accounts payable	<u>50,777</u>
Total Current Liabilities	<u>50,777</u>
Noncurrent Liabilities	
Prepayment of obligations from	
Breckeridge Mountain Metropolitan District	<u>884,212</u>
Total Noncurrent Liabilities	<u>884,212</u>
Total Liabilities	<u>934,989</u>
Net Position	
Net investment in capital assets	3,120,903
Restricted for emergencies	3,969
Unrestricted	<u>114,413</u>
Total Net Position	<u>\$ 3,239,285</u>

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

Alpine Metropolitan District

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Program Expenses	Program Revenue			Net (Expense) Revenue
		Charges for Services	Operating Contributions	Capital Contributions	
Governmental Operations					
General government	\$ 132,285	\$ -	\$ -	\$ -	\$ (132,285)
Public works	167,511	-	-	-	(167,511)
Public works - Intergovernmental Agreement	-	33,663	98,572	25,769	158,004
Totals	<u>\$ 299,796</u>	<u>\$ 33,663</u>	<u>\$ 98,572</u>	<u>\$ 25,769</u>	<u>(141,792)</u>
General Revenues					
Interest income					<u>350</u>
Total General Revenues					<u>350</u>
Change in Net Position					(141,442)
Net Position, beginning of year					<u>3,380,727</u>
Net Position, end of year					<u>\$ 3,239,285</u>

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

Alpine Metropolitan District

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2021

	General	Capital Projects	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents - restricted	\$ 951,951	\$ -	\$ 951,951
Due from other funds	-	-	-
Prepaid expenses	12,499	-	12,499
Accounts receivable	88,920	-	88,920
Total Assets	<u>\$ 1,053,370</u>	<u>\$ -</u>	<u>\$ 1,053,370</u>
<b>Liabilities</b>			
Accounts payable	\$ 50,777	\$ -	\$ 50,777
Unearned revenue	884,212	-	884,212
Total Liabilities	<u>934,989</u>	<u>-</u>	<u>934,989</u>
<b>Fund Balances</b>			
Nonspendable - prepaid expense	12,499	-	12,499
Restricted for emergencies	3,969	-	3,969
Assigned for capital projects	101,913	-	101,913
Total fund balances	<u>118,381</u>	<u>-</u>	<u>118,381</u>
Total liabilities and fund balance	<u>\$ 1,053,370</u>	<u>\$ -</u>	<u>\$ 1,053,370</u>

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

Alpine Metropolitan District

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

December 31, 2021

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Reconciliation to the Statement of Net Position

Total Fund Balances	\$ 118,381
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Amounts reported for governmental activities in the Statement of Net  
Position are different because:

Capital assets, net of accumulated depreciation, used in governmental  
funds are not current financial resources and, therefore are not reported  
in the governmental funds.

3,120,903
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Net position of governmental activities

<u>\$ 3,239,284</u>
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The accompanying notes are an integral part of these financial statements.



Alpine Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - GOVERNMENTAL FUNDS

For the year ended December 31, 2021

	General	Capital Projects	Total Governmental Funds
Revenue			
Capital and service obligation revenue from			
Breckenridge Mountain Metropolitan District	\$ 98,572	\$ 25,769	\$ 124,341
Management Services	33,663	-	33,663
Interest income	50	300	350
Total revenue	132,285	26,069	158,354
Expenditures			
General government	132,285	-	132,285
Capital outlay	-	26,069	26,069
Total expenditures	132,285	26,069	158,354
Revenues over expenditures before other financings sources (uses)	-	-	-
Other financing sources (uses)			
Transfers	-	-	-
Revenues and other financing sources over expenditures and other financing (uses)	-	-	-
Fund Balance, beginning of year	118,381	-	118,381
Fund Balance, end of year	\$ 118,381	\$ -	\$ 118,381

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

Alpine Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - TO THE  
STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

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Reconciliation to the Statement of Activities

Total net change in fund balances - governmental funds	\$ -
Depreciation expense on capital assets is reported in the Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds	(167,511)
Governmental funds report capital outlay expenditures as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount of capitalized capital outlay in the current year.	<u>26,069</u>
Change in net position of governmental activities	<u><u>\$ (141,442)</u></u>

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

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A – DEFINITION OF REPORTING ENTITY**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 27, 2002, and 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 as part of a dual district structure with the Breckenridge Mountain Metropolitan District (BMMD). The District is considered the service district and was established to provide water, storm drainage, street, transportation, and parks and recreation improvements. Breckenridge Mountain Metropolitan District is the financing district and was established to provide funding and tax base for capital improvements constructed and operated by the District (see Note G).

The District has no employees and all services are contracted.

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

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

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

The significant accounting policies of the District are as follows:

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the District.

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Basis of Presentation (continued)

The Statement of Net Position presents the financial position of the governmental activities at year-end. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program, or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenue which is not classified as program revenue is presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

*Fund Financial Statements*

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Fund types used by the District are described below.

Government Fund Types

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

Capital Projects Fund – the Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Measurement Focus

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Measurement Focus (continued)

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The Statement of Revenue, Expenditures, and Changes in Fund Balances reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

*Revenues*

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization. Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes and payments under intergovernmental agreements. Revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from payments under intergovernmental agreements is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the use of net financial resources (expenditures) rather than

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Basis of Accounting – Continued

expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets

In accordance with Colorado Local Government Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investment pools and short-term investments with an original maturity of three months or less from the date of acquisition. All of the District's cash and cash equivalents are restricted for expenditures under the terms of its intergovernmental agreement with BMMD.

Capital Assets

General capital assets are those assets not specifically related to activities reported in other funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities of the government-wide Statement of Net Position but are not reported in the fund financial statements. All capital assets are capitalized at cost, or estimated historical cost, and updated for additions and retirements during the year. Donated fixed assets are recorded at acquisition value as of the date received. The District maintains a capitalization policy of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets that have been placed in service are depreciated. Depreciation is computed using the straight-line method over a useful life of 5 years for the ice rink startup assets and 25-30 years for the ice rink and other infrastructure.

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Under a District Facilities Construction and Service Agreement (see Note G), the District is due reimbursements from BMMD over time for the cost of the infrastructure and operating costs. Payments in excess of amounts due under this agreement are reflected as unearned revenue in the fund statements and noncurrent liabilities in the government-wide financial statements.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balances

The District presents its fund balances in accordance with GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

*Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or it is legally or contractually required to be maintained intact. The District’s non-spendable fund balance of \$12,499 relates to prepaid expenses.

*Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. The District’s restricted fund balance represent amounts reserved for emergencies under the Colorado State

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Fund Balances (continued)

Constitution. A restriction of \$3,969 of the General Fund's fund balance has been made in compliance with this requirement.

*Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the Board of Directors prior to the end of the fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors. The District has no committed fund balance.

*Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund. The District has assigned \$101,913 to be used for capital projects.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when expenditure is made, it is the District's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and then unassigned.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C – CASH AND INVESTMENTS**

Deposits

At December 31, 2021, the District's cash deposits had a carrying balance of \$53,263 and a bank balance of \$66,057 all of which is FDIC insured. Cash deposits that are in excess of FDIC limits of \$250,000 are covered by the Public Deposit Protection Act (PDPA).



Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE C – CASH AND INVESTMENTS – CONTINUED**

Deposits – Continued

Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by PDPA). Accordingly, none of the District's deposits at December 31, 2021, are deemed to be exposed to custodial credit risk.

Investments

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

- Obligations of the United States and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District had invested \$898,688 in the Colorado Surplus Asset Fund Trust (CSAFE), 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 2a-7-like money market fund and each share is equal in value to \$1.00. CSAFE is rated AAAM by the Standard & Poor's Corporation. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust. Investments in CSAFE are stated as amortized cost which approximates fair value. At this time, the District does not hold investments carried at fair value as defined by GASB 72.

Alpine Metropolitan District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE D – CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Depreciable:				
Drainage improvements	\$ 1,737,564	\$ -	\$ -	\$ 1,737,564
Recreation improvements	1,214,048	26,069	-	1,240,117
Transportation improvements	968,837	-	-	968,837
Total depreciable	3,920,449	26,069	-	3,946,518
Less accumulated depreciation:	(658,103)	(167,512)	-	(825,615)
Net depreciable capital assets	3,262,346	(141,443)	-	3,120,903
Net total capital assets	<u>\$ 3,262,346</u>	<u>\$ (141,443)</u>	<u>\$ -</u>	<u>\$ 3,120,903</u>

**NOTE E – LONG-TERM LIABILITIES**

Authorized Debt

At December 31, 2021, the District had authorized but unissued general obligation debt for the following improvement purposes:

Transportation	\$ 30,000,000
Streets and roadways	19,224,309
Operations and maintenance	12,000,000
Park and recreation	2,250,000
Storm and sanitary sewer	1,000,000
Traffic and safety	1,000,000
Water	1,000,000
	<u>\$ 66,474,309</u>

Under C.R.S. 32-1-1101(2) voter authorization expires 20 years after the date of the election when the voters authorized the debt. Alpine Metropolitan District's debt was authorized by voters on November 5, 2002 and, per statute, will expire in November 2022.

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE F – RELATED PARTIES**

All members of the Board of Directors of the District are employees of Vail Resorts Development Co., Vail Resorts Management Co., or related entities.

**NOTE G – AGREEMENTS WITH OTHER GOVERNMENTAL ENTITIES**

Alpine Metropolitan District (the District) has entered into a District Facilities Construction and Service Agreement with Breckenridge Mountain Metropolitan District (BMMD). The District is considered the service district and BMMD the financing district under the agreement. On November 24, 2008 the District entered into an “Amended and Restated First Amendment to District Facilities Construction and Service Agreement” to accommodate the issuance of two tax exempt loans by BMMD.

The primary purpose and function of a financing district is to provide funding and the necessary tax base for financing the construction, operation, and maintenance of the public improvements within another district generally referred to as a service district. Under this agreement, BMMD is to provide funding and the necessary tax base for financing the construction, operation, and maintenance of the public improvements that benefit both of the districts. BMMD may also obtain financing for the construction of the public improvements and pay the proceeds to the District.

The District will manage the construction and operation of the public improvements, and own, operate, and maintain the public improvements that are not otherwise dedicated to another governmental entity pursuant to a long-term operations and maintenance program.

BMMD is required to pay to the District a portion of the revenue raised from mill levies to offset the operating expenses incurred by the District for provision of services to property within BMMD. In 2021, BMMD funded operating expenditures of the District totaling \$98,572.

BMMD is also required to assign a portion of the revenue raised from all sources to the District in order to offset the costs of the construction of the public improvements and BMMD’s costs of operation and maintenance of such public improvements. The Agreement remains in force until all terms and conditions have been performed in their entirety.

During 2021, BMMD funded \$25,769 under this agreement to offset the cost of public improvements incurred by the District.

In addition, at December 31, 2021, \$884,212 has been received from BMMD representing prepayments from BMMD that the District is holding in reserve for future capital and operating expenditures.

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE H – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, Section 24-10-101, et seq. CRS., the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in the past three years.

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

**NOTE I – ECONOMIC FEASIBILITY**

Since the District does not have a revenue base sufficient to pay its operational expenditures, it has been and will be dependent upon funding by the Breckenridge Mountain Metropolitan District (see Note G).

**NOTE J – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 5, 2002, a majority of the District's electors authorized the District to collect, keep and expend all District revenue during 2002, and continuing thereafter without regard to limitations under TABOR.

Alpine Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE J – TAX, SPENDING AND DEBT LIMITATIONS - CONTINUED**

Also, on November 5, 2002, the voters of the District authorized the issuance of \$66,474,309 in debt and approved an increase in property tax revenue to pay such debt (see Note E).

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Alpine Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - GENERAL FUND

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Over (Under)
Revenue			
Service obligation payments from from Breckenridge Mountain Metropolitan District	\$ 105,542	\$ 98,572	\$ (6,970)
Ice rink	23,520	33,663	10,143
Interest income	338	50	(288)
Total revenue	129,400	132,285	2,885
Expenditures			
General government			
Accounting	35,000	35,702	702
Audit	6,282	6,225	(57)
Insurance	13,017	13,816	799
Legal	30,001	26,551	(3,450)
Interdistrict	10,660	14,751	4,091
Prepaid capital and service obligation	23,745		
Miscellaneous office expense	920	987	67
Contingency	10,000	-	(10,000)
Ice Rink			
Management services	50,948	34,253	(16,695)
Total expenditures	180,573	132,285	(24,543)
Revenues Over (Under) Expenditures	(51,173)	-	27,428
Other financing sources (uses)			
Transfer to capital fund	776,380	-	(776,380)
Revenues and other financing sources over expenditures and other financing (uses)	725,207	-	27,428
Fund Balance, beginning of year	169,024	118,381	(50,643)
Fund Balance, end of year	\$ 894,231	\$ 118,381	\$ (23,215)

Alpine Metropolitan District

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2021

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**RSI NOTE A – BUDGETARY INFORMATION**

Budgets for major governmental funds are adopted on the modified accrual basis where capital outlays are treated as expenditures and depreciation is not budgeted. The operating budget includes proposed expenditures and the means of financing them. The Board of Directors must approve transfers between funds, or increases to a fund's budget. See Note B for additional information on the District's budget process.

**RSI NOTE B – EXPENDITURES/EXPENSES IN EXCESS OF APPROPRIATION**

State Statute requires that expenditures and transfers for a fund cannot exceed the appropriations for that fund. Appropriations for a fund may be increased provided unanticipated resources offset them.

The budget is controlled at the departmental level within each fund. However, the legal level of appropriation is within the fund. In 2021, the District did not have any budget violations.

Alpine Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Over (Under)
Revenue			
Capital obligation payments from Breckenridge			
Mountain Metropolitan Districts	\$ 108,271	\$ 25,769	\$ (82,502)
Interest income	1,729	300	(1,429)
Total revenue	110,000	26,069	(83,931)
Expenditures			
Capital outlay			
Ice rink	25,000	26,069	1,069
Contingency	75,000	-	(75,000)
Total expenditures	100,000	26,069	(73,931)
Transfer (to) from General Fund	(776,380)	-	776,380
Revenues Over (Under) Expenditures	(766,380)	-	(10,000)
Fund Balance, beginning of year	766,380	-	(766,380)
Fund Balance, end of year	\$ -	\$ -	\$ (776,380)



**EXHIBIT B-2**  
Breckenridge Mountain Metropolitan District  
2021 Audit

BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management  
Breckenridge Mountain Metropolitan District  
c/o Marchetti & Weaver LLC  
28 Second Street, Suite 213  
Edwards, CO 81632

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Breckenridge Mountain Metropolitan District (the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of December 31, 2021, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of



Breckenridge Mountain Metropolitan District  
Page Two

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the general fund budgetary comparison information 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.



Breckenridge Mountain Metropolitan District  
Page Three

**Supplementary Information**

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

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the summary of assessed valuation, mill levy, and property tax collection but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Chadwick, Steinkirchner, Davis & Co., P.C.  
June 4, 2022

# Breckenridge Mountain Metropolitan District

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

As management of Breckenridge Mountain Metropolitan District (the "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. This report also includes additional supplementary information after the notes to the financial statements.

### 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 comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also includes additional supplemental information presented 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 all the District's assets, deferred outflows, liabilities, and deferred inflows with the difference 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 governmental activity of the District is primarily financing construction, operation, and maintenance of the basic public infrastructure that is performed by Alpine Metropolitan District. There are no business-type activities within the District.

The government-wide financial statements can be found on pages 7 and 8 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. The District currently has two funds, the General Fund and the Debt Service Fund, both of which are governmental 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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.

**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 12 through 24 of this report.

**Government-wide Financial Analysis.** A condensed comparative summary of the District's government-wide assets, liabilities, net position, revenues and expenditures follows:

<b>Statement of Net Position</b>		
	<b>Governmental Activities</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Assets and Deferred Outflows:</b>		
Current assets	\$ 1,954,012	\$ 1,794,696
Noncurrent assets & deferred outflows	1,091,638	1,142,073
<b>Total Assets</b>	<b><u>3,045,650</u></b>	<b><u>2,936,769</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>448,388</u></b>	<b><u>672,582</u></b>
<b>Liabilities and Deferred Inflows:</b>		
Current liabilities	791,127	685,537
Non-current liabilities and deferred inflows	22,654,056	23,303,575
<b>Total Liabilities</b>	<b><u>23,445,183</u></b>	<b><u>23,989,112</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>1,512,768</u></b>	<b><u>1,436,400</u></b>
<b>Net Position:</b>		
Restricted for emergencies	443	318
Unrestricted	(21,464,356)	(21,816,479)
<b>Total Net Position</b>	<b><u>\$ (21,463,913)</u></b>	<b><u>\$ (21,816,161)</u></b>
<b>Change in Net Position</b>		
<b>Revenue:</b>		
Operating contributions	\$ 14,751	\$ 10,598
Charges for Services	-	-
General revenue:		
Property taxes	1,421,284	1,215,685
Other taxes	77,145	62,307
Interest and other revenue	6,712	6,671
<b>Total Revenue</b>	<b><u>1,519,892</u></b>	<b><u>1,295,261</u></b>
<b>Expenses:</b>		
General government	80,881	71,581
Intergovernmental agreement	124,341	351,045
Interest expense	962,422	971,423
<b>Total Expenses</b>	<b><u>1,167,644</u></b>	<b><u>1,394,049</u></b>
<b>Change in Net Position</b>	<b><u>352,248</u></b>	<b><u>(98,788)</u></b>
<b>Net Position - Beginning</b>	<b><u>(21,816,161)</u></b>	<b><u>(21,717,373)</u></b>
<b>Net Position - Ending</b>	<b><u>\$ (21,463,913)</u></b>	<b><u>\$ (21,816,161)</u></b>

The District is the "financing district" in a dual district structure whereby the District is financing the cost of constructing, operating and maintaining the infrastructure being built and operated by Alpine Metropolitan District (AMD). This infrastructure is being constructed to benefit the constituents of Breckenridge Mountain Metropolitan District (the District). The District entered into the District Facilities Construction and Service Agreement with AMD and pursuant to this agreement, AMD is obligated to construct and provide the initial financing for the primary infrastructure for the District area. The District is required to pay a "capital obligation" to reimburse AMD for the costs to construct the infrastructure. The District will also pay a "service obligation" to reimburse AMD for the operating costs associated with administering and maintaining the assets. The District uses funds received from current and future property taxes and bond issuances to repay these obligations. The District has issued bonds to independent third parties and utilized the bond proceeds in fulfillment of its Capital Obligation to AMD and the District has advance funded its Service Obligation to AMD.



The District's main revenue source is property taxes collected. These revenues have been used to pay debt service and intergovernmental agreement expenses of the District.

### **Financial Analysis of the District's Funds**

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved 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 a combined ending fund balance of \$1,241,851 which reflects an increase of \$41,393 during 2021. This increase is primarily due to unspent contingencies in the funds.

### **Long-term debt and hedging activities.**

In September 2016, the District issued \$21,185,000 in general obligation refunding and improvement bonds for the purpose of refunding the 2006 general obligation bonds, paying off the 2008 and 2008A notes, funding termination fees associated with the swap agreements and to fund infrastructure projects completed in December 2020. The outstanding balance of these bonds at December 31, 2021 is \$20,080,000.

In September 2020, the District issued \$2,725,000 in general obligation refunding bonds for the purpose of refunding the 2010 general obligation bonds. The outstanding balance of these bonds at December 31, 2021 is \$2,475,000.

Additional information can be found in Note D to the Financial Statements beginning on page 19 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 Marchetti & Weaver LLC., 28 2<sup>nd</sup> St Unit 213, Edwards, CO 81632 or you may call (970) 926-6060.

Breckenridge Mountain Metropolitan District

STATEMENT OF NET POSITION

December 31, 2021

<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents - unrestricted	\$ 438,775
Cash and cash equivalents - restricted	6
Property taxes receivable	1,512,768
Prepaid insurance	2,463
Total Current Assets	<u>1,954,012</u>
<b>Noncurrent Assets</b>	
Prepaid bond insurance	207,426
Prepaid obligations to Alpine Metropolitan District	884,212
Total Noncurrent Assets	<u>1,091,638</u>
Total Assets	<u>3,045,650</u>
<b>Deferred Outflows of Resources</b>	
Deferred charge - refunding loss	448,388
Total Deferred Outflows of Resources	<u>448,388</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	83,605
Accrued interest payable	61,476
Current maturities of long-term debt	646,046
Total Current Liabilities	<u>791,127</u>
<b>Noncurrent Liabilities</b>	
Long-term debt, net of current portion	<u>22,654,056</u>
Total Liabilities	<u>23,445,183</u>
<b>Deferred Inflows of Resources</b>	
Property taxes	1,512,768
Total Deferred Inflows of Resources	<u>1,512,768</u>
<b>Net Position</b>	
Restricted for emergencies	443
Unrestricted	<u>(21,464,356)</u>
Total Net Position	<u>\$ (21,463,913)</u>

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

Breckenridge Mountain Metropolitan District

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Program Expenses	Program Revenue			Net (Expense) Revenue
		Charges for Services	Operating Contributions	Capital Contributions	
Governmental Operations					
General government	\$ 80,881	\$ -	\$ -	\$ -	\$ (80,881)
Public works - intergovernmental agreement	124,341	-	14,751	-	(109,590)
Interest expense	962,422	-	-	-	(962,422)
Totals	<u>\$ 1,167,644</u>	<u>\$ -</u>	<u>\$ 14,751</u>	<u>\$ -</u>	<u>(1,152,893)</u>

General Revenues

Property taxes	1,421,284
Specific ownership taxes	77,145
Interest income	<u>6,712</u>
Total General Revenues	<u>1,505,141</u>
Change in Net Position	352,248
Net Position, beginning of year	<u>(21,816,161)</u>
Net Position, end of year	<u>\$ (21,463,913)</u>

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

Breckenridge Mountain Metropolitan District

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2021

	General	Debt Service	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 6,547	\$ 432,228	\$ 438,775
Cash and cash equivalents - restricted	6	-	6
Property taxes receivable	-	1,512,768	1,512,768
Prepaid insurance	2,463	-	2,463
Prepaid obligations to Alpine Metropolitan District	849,397	34,815	884,212
Total Assets	<u>\$ 858,413</u>	<u>\$ 1,979,811</u>	<u>\$ 2,838,224</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 83,605	\$ 83,605
<b>Deferred Inflows of Resources</b>			
Property taxes	-	1,512,768	1,512,768
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>1,596,373</u>	<u>1,596,373</u>
<b>Fund Balances</b>			
Nonspendable - prepaid obligations	849,397	34,815	884,212
Restricted for emergencies	443	-	443
Restricted for debt service	-	348,623	348,623
Unassigned	8,573	-	8,573
Total Fund Balances	<u>858,413</u>	<u>383,438</u>	<u>1,241,851</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 858,413</u>	<u>\$ 1,979,811</u>	<u>\$ 2,838,224</u>

Reconciliation to the Statement of Net Position

Total Fund Balance \$ 1,241,851

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

Other long-term assets such as prepaid bond insurance are not current financial resources and, therefore, are not reported in the governmental funds balance sheet 207,426

Loss on bond refunding are reported as financing sources and uses in the governmental fund financial statements, but are not reported as deferred outflows of resources on the government-wide statement of net position 448,388

Accrued interest payable on outstanding bonds do not require current financial resources, and therefore are not reported in the governmental funds. (61,476)

Long-term liabilities such as bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds. (23,300,102)

Total Net Position \$ (21,463,913)

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

Breckenridge Mountain Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - GOVERNMENTAL FUNDS

For the year ended December 31, 2021

	General	Debt Service	Total Governmental Funds
Revenue			
Property taxes	\$ -	\$ 1,421,284	\$ 1,421,284
Specific ownership taxes	-	77,145	77,145
Operating contribution from Alpine Metropolitan District	14,751	-	14,751
Interest income	-	6,712	6,712
Total Revenue	14,751	1,505,141	1,519,892
Expenditures			
General government	9,492	71,389	80,881
Public Works - Intergovernmental agreement	25,769	98,572	124,341
Debt Service			
Principal	-	595,000	595,000
Interest and fiscal charges	-	761,063	761,063
Total expenditures	35,261	1,526,024	1,561,285
Revenues Over (Under) Expenditures	(20,510)	(20,883)	(41,393)
Net change in fund balance	(20,510)	(20,883)	(41,393)
Revenue Over (Under) Expenditures and Other Financing (Uses)	(20,510)	(20,883)	(41,393)
Fund Balance, beginning of year	878,923	404,321	1,283,244
Fund Balance, end of year	\$ 858,413	\$ 383,438	\$ 1,241,851

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

Breckenridge Mountain Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - TO THE  
STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

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Total net change in fund balance - governmental funds	\$ (41,393)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Amortization of bond premiums does not provide financial resources. This is the amount of amortized bond premium that decreased interest expense.	31,046
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Amortization of deferred losses and insurance cost does not provide financial resources. This is the amount of amortized deferred costs that increased interest expense for 2021.	(233,893)
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The repayment of principal on long-term debt consumes the current financial resources of governmental fund, but does not have an effect on net position. This is the amount of the general obligation bond and loan principal payments.	595,000
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Some expenses reported in the Statement of Activities, such as accrued interest on debt, do not require the use of current financial resources, and therefore are not reported in the governmental funds.	<u>1,488</u>
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Change in net position of governmental activities	<u><u>\$ 352,248</u></u>
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The accompanying notes are an integral part of these financial statements.

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE A – DEFINITION OF REPORTING ENTITY**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 27, 2002, and 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 as part of a dual district structure with the Alpine Metropolitan District. The District is considered the financing district and was established to provide funding and tax base for capital improvements that will benefit the District. The capital improvements are owned and maintained by Alpine Metropolitan District (AMD), the Service District (see Note F).

The District has no employees and all services are contracted.

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

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

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

The significant accounting policies of the District are as follows:

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Basis of Presentation (continued)

associated with a service program, or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenue which is not classified as program revenue is presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

*Fund Financial Statements*

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Fund types used by the District are described below.

Government Fund Types

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

Debt Service Fund – the Debt Service Fund is used to account for all financial resources for the payment of principal, interest, and costs related to long-term obligations.

Measurement Focus

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included in the Statement of Net position

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the



Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Measurement Focus (continued)

balance sheet. The Statement of Revenue, Expenditures, and Changes in Fund Balances reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore includes reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

*Revenues*

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the use of financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Budgets

In accordance with Colorado Local Government Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The budget includes each fund on its basis of accounting unless otherwise indicated. Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investment pools and short-term investments with an original maturity of three months or less from the date of acquisition.

Restricted Cash & Cash Equivalents

Unspent bond proceeds are reflected as restricted cash and cash equivalents in the accompanying financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligation of the funds.

The District is obligated under the District Facilities Construction and Service Agreement (see Note F) to reimburse AMD over time for the cost of infrastructure and operating costs. Unpaid amounts under this agreement are reflected as noncurrent liabilities and prepayments are recorded as non-current assets in the financial statements.

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Deferred Outflows/Inflows or Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The loss related to the refunding of District debt falls in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category, deferred revenues from property taxes, for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance year 2021. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

In the government-wide financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments.

The District applies restricted resources first when an expense is incurred for the purpose for which both restricted and unrestricted net position are available.

Fund Balances

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

*Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or it is legally or contractually required to be maintained intact. The District's non-spendable fund balance relates to prepaid obligations to AMD.

*Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. The District's restricted fund balance represent amounts reserved for emergencies under the Colorado State

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Fund Balances (continued)

*Restricted Fund Balance – Continued* - Constitution. A restriction of \$318 of the General Fund's fund balance has been made in compliance with this requirement. The District's restricted fund balance also includes amounts restricted for capital expenditures and debt service payments.

*Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the Board of Directors prior to the end of the fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors. The District has no committed fund balance.

*Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund. The District has no assigned fund balance.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when expenditure is made, it is the District's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and then unassigned.

Property Tax

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

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Estimates (continued)

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C – CASH AND INVESTMENTS**

Deposits

At December 31, 2021, the District had no cash 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 insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

Investments

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

- Obligations of the United States and certain United States government agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District had invested \$433,337 in the Colorado Surplus Asset Fund Trust (CSAFE), 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 2a-7-like money market fund and each share is equal in value to \$1.00.

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE C – CASH AND INVESTMENTS – CONTINUED**

Investments (continued)

CSAFE is rated AAAM by the Standard & Poor's Corporation. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust. Investments in CSAFE are stated as amortized cost which approximates fair value. At this time, the District does not hold investments carried at fair value as defined by GASB 72.

**NOTE D - LONG-TERM LIABILITIES**

The following is an analysis of the changes in long-term obligations of the District for the year ended December 31, 2021:

	Balance January 1 2021	Additions	Retirements	Balance December 31 2021	Current	Long-Term
Governmental Activities						
General Obligation Debt						
Series 2016 General Obligation Bonds	\$ 20,425,000	\$ -	\$ (345,000)	\$ 20,080,000	\$ 450,000	\$ 19,630,000
Series 2020 General Obligation Refunding Bonds	2,725,000		(250,000)	2,475,000	165,000	2,310,000
Premium 2016	583,323	-	(23,333)	559,990	23,333	536,657
Premium 2020	192,825	-	(7,713)	185,112	7,713	177,399
Total	<u>\$ 23,926,148</u>	<u>\$ -</u>	<u>\$ (626,046)</u>	<u>\$ 23,300,102</u>	<u>\$ 646,046</u>	<u>\$ 22,654,056</u>

Series 2016 General Obligation Refunding and Improvement Bonds

On October 5, 2016, the District issued general obligation refunding and improvement bonds totaling \$21,185,000. The bonds mature at various dates through December 1, 2045, and bear interest at annual rates ranging from 2.00% to 4.00%. Proceeds from the issuance totaling \$11,685,000 plus available bond reserve funds were used to repay the 2006 general obligation bonds, repay the 2008 variable rate tax-exempt loans, fund the early termination fees of \$1,000,250 related to the 2008 and 2008A swap agreements, and to pay costs of issuance. The remaining proceeds of \$9.5 million were being used to finance the design, acquisition, construction, relocation, installation and completion of certain public infrastructure costs incurred by Alpine Metropolitan District and authorized by the District. The Bonds are comprised of both serial and term bonds, with the serial bonds maturing annually from December 1, 2017 through December 1, 2031 and the term bonds maturing at various dates from December 1, 2036 to December 1,

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE D - LONG-TERM LIABILITIES - CONTINUED**

2045. Bonds maturing on December 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the District, in whole or partial maturities, at any time on or after on December 1, 2026, without redemption premium. The term bonds maturing on and after December 1, 2036 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2032, and on each December 1 thereafter.

The refunding portion of the above issuance increases total debt service payments over the next 30 years by \$5,441,619 resulting in an economic loss (difference between the present values of the debt service payments of the old and new debt) of \$633,330. The debt service requirements of the refunded debt had balloon payments in 2020 through 2024 that the District would have been required to refinance at that time which may have resulted in potentially higher interest rates and future debt service payments. Additionally, by refinancing these bonds in 2016 the District was able to lock in historically low interest rates and ensure a relatively low mill levy rate throughout the life of the bonds.

The future debt service requirements of the 2016 bonds are set forth below:

Year Ending December 31,	Principal	Interest	Total
2022	450,000	664,858	1,114,858
2023	475,000	651,088	1,126,088
2024	495,000	636,838	1,131,838
2025	510,000	617,038	1,127,038
2026	545,000	596,638	1,141,638
2027-2031	3,500,000	2,622,988	6,122,988
2032-2036	4,755,000	1,888,588	6,643,588
2037-2041	4,875,000	1,165,625	6,040,625
2042-2045	4,475,000	354,688	4,829,688
	<u>\$ 20,080,000</u>	<u>\$ 9,198,346</u>	<u>\$ 29,278,346</u>

Series 2020 General Obligation Refunding Bonds

On September 2, 2020, the District issued general obligation refunding bonds totaling \$2,725,000. The bonds mature at various dates through December 1, 2045, and bear interest at annual rates from 2.5% to 3.00%. Proceeds from the issuance totaling \$2,917,825 plus available bond reserve funds were used to repay the 2010 general obligation bonds, and to pay costs of issuance. The Bonds are comprised of both serial and term bonds, with the serial bonds maturing annually from December 1, 2021 through December 1, 2030 and the term bonds maturing at various dates from December 1, 2037 to December 1, 2045. Bonds

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE D - LONG-TERM LIABILITIES - CONTINUED**

maturing on December 1, 2031 and thereafter are subject to redemption prior to maturity, at the option of the District, in whole or partial maturities, at any time on or after on December 1, 2026, without redemption premium. The term bonds maturing on and after December 1, 2037 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2037, and on each December 1 thereafter.

The refunding portion of the above issuance decreases total debt service payments over the next 25 years by \$783,455 resulting in an economic loss (difference between the present values of the debt service payments of the old and new debt) of \$605,707. The debt service requirements of the refunded debt had a balloon payment in 2039 that the District would have been required to refinance at that time which may have resulted in potentially higher interest rates and future debt service payments. Additionally, by refinancing these bonds in 2020 the District was able to lock in lower interest rates and ensure a relatively low mill levy rate throughout the life of the bonds.

The future debt service requirements of the 2020 bonds are set forth below:

Year Ending December 31,	Principal	Interest	Total
2022	165,000	73,125	238,125
2023	160,000	68,175	228,175
2024	160,000	63,375	223,375
2025	165,000	58,575	223,575
2026	160,000	53,625	213,625
2027-2031	435,000	205,425	640,425
2032-2036	110,000	179,000	289,000
2037-2041	585,000	133,400	718,400
2042-2045	535,000	40,950	575,950
	<u>\$ 2,475,000</u>	<u>\$ 875,650</u>	<u>\$ 3,350,650</u>

Authorized Debt

At December 31, 2021, the District had authorized but unissued general obligation debt for the following improvement purposes:



Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE D - LONG-TERM LIABILITIES - CONTINUED**

Transportation	\$ 28,065,177
Streets and roadways	-
Operations and maintenance	12,000,000
Parks and recreation	599,235
Storm and sanitary sewer	302,463
Traffic and safety	867,435
	<u>\$ 41,834,310</u>

Under C.R.S. 32-1-1101(2) voter authorization expires 20 years after the date of the election when the voters authorized the debt. The District's debt was authorized by voters on November 5, 2002 and, per statute, will expire in November 2022.

**NOTE E – RELATED PARTIES**

A majority of the members of the Board of Directors of the District are employees of Vail Resorts Development Co., Vail Resorts Management Co., or related entities.

**NOTE F – AGREEMENTS WITH OTHER GOVERNMENTAL ENTITIES**

Breckenridge Mountain Metropolitan District (the District) has entered into a District Facilities Construction and Service Agreement with Alpine Metropolitan District (AMD). The District is considered the financing district and AMD the service district under the agreement. On November 24, 2008 the District entered into an "Amended and Restated First Amendment to District Facilities Construction and Service Agreement" to accommodate the issuance of two tax exempt loans by the District.

The primary purpose and function of a financing district is to provide funding and the necessary tax base for financing the construction, operation, and maintenance of the public improvements within another district generally referred to as a service district.

Under this agreement, the District is to provide funding and the necessary tax base for financing the construction, operation, and maintenance of the public improvements that benefit both of the districts. The District may also obtain financing for the construction of the public improvements and pay the proceeds to the AMD.

AMD will manage the construction and operation of the public improvements, and own, operate, and maintain the public improvements pursuant to a long-term operations and maintenance program.

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE F – AGREEMENTS WITH OTHER GOVERNMENTAL ENTITIES – CONTINUED**

The District is required to pay to AMD a portion of the revenue raised from mill levies to offset the operating expenses incurred by AMD for provision of services to property within the District. In 2021, the District funded operating expenditures of AMD totaling \$98,572.

The District is also required to assign a portion of revenue raised from all sources to AMD in order to offset the costs of the construction of the public improvements and the District's costs of operation and maintenance of such public improvements. The Agreement remains in force until all terms and conditions have been performed in their entirety. In 2021, the District funded public improvements by AMD totaling \$25,769.

In addition, at December 31, 2021, \$884,212 has been paid from the District to AMD representing prepayments pursuant to the agreement that AMD is holding to offset future capital and operating expenditures.

**NOTE G – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, Section 24-10-101. et seq., CRS, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded coverage in the past three years.

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

**NOTE H – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

Breckenridge Mountain Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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**NOTE H – TAX, SPENDING AND DEBT LIMITATIONS – CONTINUED**

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 5, 2002, a majority of the District's electors authorized the District (1) to increase taxes up to \$2,250,000 annually by the imposition of an ad valorem property tax levy and (2) to collect, keep and expend all District revenue during 2002, and continuing thereafter without regard to limitations under TABOR.

Breckenridge Mountain Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - GENERAL FUND

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Over (Under)
Revenue			
Operating contribution from Alpine Metropolitan District	\$ 10,847	\$ 14,751	\$ 3,904
Interest income	-	-	-
Total revenue	10,847	14,751	3,904
Expenditures			
Public Works - Intergovernmental Agreement	98,270	25,769	(72,501)
General Government			
Audit	6,798	6,750	(48)
Insurance	3,049	2,704	(345)
Miscellaneous	-	38	38
Contingencies	1,000	-	(1,000)
Total expenditures	109,117	35,261	(73,856)
Revenues Over (Under) Expenditures	(98,270)	(20,510)	77,760
Fund Balance, beginning of year	102,028	878,923	776,895
Fund Balance, end of year	\$ 3,758	\$ 858,413	\$ 854,655

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2021

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**RSI NOTE A – BUDGETARY INFORMATION**

Budgets for major governmental funds are adopted on the modified accrual basis where capital and service obligations are recorded on the cash basis, and payments on long term debt are treated as expenditures. The operating budget includes proposed expenditures and the means of financing them. The Board of Directors must approve transfers between funds, or increases to a fund's budget. See Note B for additional information on the District's budget process.

**RSI NOTE B – EXPENDITURES/EXPENSES IN EXCESS OF APPROPRIATION**

State Statute requires that expenditures and transfers for a fund cannot exceed the appropriations for that fund. Appropriations for a fund may be increased provided unanticipated resources offset them.

The budget is controlled at the departmental level within each fund. However, the legal level of appropriation is within the fund. In 2021, the District did not have any budget violations.

Breckenridge Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Over (Under)
Revenue			
Property taxes	\$ 1,436,400	\$ 1,421,284	\$ (15,116)
Specific ownership taxes	50,274	77,145	26,871
Interest income	522	6,712	6,190
Total revenue	1,487,196	1,505,141	17,945
Expenditures			
General government			
Treasurer's Fees	71,820	71,389	(431)
Contingency	10,000	-	(10,000)
Public Works			
Capital obligation payments to Alpine Metropolitan District	23,745	14,967	(8,778)
Service obligation payments to Alpine Metropolitan District	84,494	83,605	(889)
Debt service			
Bond principal	595,000	595,000	-
Interest and fiscal charges	758,563	761,063	2,500
Total expenditures	1,543,622	1,526,024	(17,598)
Net Change in Fund Balance	(56,426)	(20,883)	35,543
Revenue Over (Under) Expenditures and Other Financing (Uses)	(56,426)	(20,883)	35,543
Fund Balance, beginning of year	302,455	404,321	101,866
Fund Balance, end of year	\$ 246,029	\$ 383,438	\$ 137,409

Breckenridge Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND  
PROPERTY TAX COLLECTIONS

Year Ending December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes Levied      Collected		Percent Collected to Levied
2006	\$ 6,321,310	20.000	\$ 126,427	\$ 126,123	99.8%
2007	\$ 9,788,440	20.000	\$ 195,769	\$ 1,995,769	1019.5%
2008	\$ 22,406,820	20.000	\$ 448,136	\$ 426,556	95.2%
2009	\$ 19,183,810	25.000	\$ 479,595	\$ 479,433	100.0%
2010	\$ 27,135,520	25.000	\$ 678,388	\$ 676,734	99.8%
2011	\$ 30,635,140	25.000	\$ 765,879	\$ 766,899	100.1%
2012	\$ 41,570,460	25.000	\$ 1,039,262	\$ 1,021,051	98.2%
2013	\$ 38,904,560	25.000	\$ 972,614	\$ 971,665	99.9%
2014	\$ 35,600,510	25.000	\$ 890,013	\$ 889,881	100.0%
2015	\$ 39,463,640	25.000	\$ 986,591	\$ 986,646	100.0%
2016	\$ 40,938,550	25.000	\$ 1,023,464	\$ 1,023,533	100.0%
2017	\$ 40,728,730	25.750	\$ 1,048,765	\$ 1,048,680	100.0%
2018	\$ 43,937,140	25.750	\$ 1,131,381	\$ 1,130,180	99.9%
2019	\$ 49,168,010	24.500	\$ 1,204,616	\$ 1,201,606	99.8%
2020	\$ 54,531,290	22.500	\$ 1,226,954	\$ 1,215,684	99.1%
2021	\$ 56,329,430	25.500	\$ 1,436,400	\$ 1,421,284	98.9%
Estimated for 2022	\$ 59,324,240	25.500	\$ 1,512,768		