

Alpine Metropolitan District

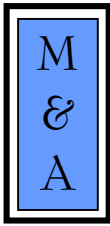
Financial Statements

December 31, 2023

**Alpine Metropolitan District
Financial Statements
December 31, 2023**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B3
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Notes to the Financial Statements	D1 – D12
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Funds:	
General Fund	E1



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Alpine Metropolitan District
Breckenridge, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Alpine Metropolitan District (the "District"), as of and for the year ended December 31, 2023, 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 the general fund of the District, as of December 31, 2023 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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INDEPENDENT AUDITORS REPORT
To the Board of Directors
Alpine Metropolitan District

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 in Section B 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.

**INDEPENDENT AUDITORS REPORT
To the Board of Directors
Alpine Metropolitan District**

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**McMahan and Associates, L.L.C.
Avon, Colorado
June 10, 2024**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Breckenridge Mountain Metropolitan District

Management's Discussion and Analysis December 31, 2023

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, 2023. 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 C1 and C2 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 three funds, the General Fund and the Debt Service Fund, both of which are governmental funds and the Breckenridge Mountain Metropolitan District Subdistrict A ("Subdistrict"), a blended component unit.

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 C3 through C6 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 D1 through D13 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:

Statement of Net Position

	Governmental Activities	
	2023	2022
Assets and Deferred Outflows:		
Current assets	\$ 2,352,049	\$ 1,914,430
Noncurrent assets & deferred outflows	1,024,661	1,057,932
Total Assets	3,376,710	2,972,362
Deferred Outflows of Resources	67,455	224,194
Liabilities and Deferred Inflows:		
Current liabilities	777,283	726,415
Non-current liabilities and deferred inflows	21,333,010	21,988,010
Total Liabilities	22,110,293	22,714,425
Deferred Inflows of Resources	1,579,233	1,458,848
Net Position:		
Restricted for emergencies	330	292
Restricted for debt service	707,581	-
Unrestricted	(20,953,272)	(20,977,009)
Total Net Position	\$ (20,245,361)	\$ (20,976,717)

Change in Net Position

Revenue:		
Operating contributions	\$ -	\$ 9,736
Charges for Services	-	-
General revenue:		
Property taxes	1,654,686	1,524,660
Other taxes	83,165	72,509
Interest and other revenue	71,130	24,969
Total Revenue	1,808,981	1,631,874
Expenses:		
General government	105,754	85,914
Public Works (Intergovernmental Agrmt)	45,300	113,694
Interest expense	926,571	945,070
Total Expenses	1,077,625	1,144,678
Change in Net Position	731,356	487,196
Net Position - Beginning	(20,976,717)	(21,463,913)
Net Position - Ending	\$ (20,245,361)	\$ (20,976,717)

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 advanced 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 \$ 1,612,968 which includes the Subdistrict fund balance of \$196,159, which reflects an increase of \$297,614 during 2023. This increase is primarily due to higher interest rates, inclusion of the Subdistrict as a component unit, and 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, 2023 is \$19,155,000.

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, 2023 is \$2,150,000.

Additional information can be found in Note D to the Financial Statements beginning on page D10 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 2nd St Unit 213, Edwards, CO 81632 or you may call (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Alpine Metropolitan District
Statement of Net Position
December 31, 2023

Assets:

Cash and cash equivalents	997,568
Other receivables	74,056
Prepaid expenses	13,145
Capital assets, net	<u>2,782,791</u>
Total Assets	<u><u>3,867,560</u></u>

Liabilities:

Current liabilities due in less than one year:	
Accounts payable	99,361
Non-current liabilities due in excess of one year:	
Prepayment of obligations from Breckenridge	
Mountain Metropolitan District	904,083
Developer advance payable	<u>32,530</u>
Total Liabilities	<u><u>1,035,974</u></u>

Net Position:

Net investment in capital assets	2,782,791
Restricted for emergencies	5,980
Unrestricted	<u>42,815</u>
Total Net Position	<u><u>2,831,586</u></u>

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

FUND FINANCIAL STATEMENTS

**Alpine Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2023**

	General Fund
Assets:	
Cash and cash equivalents - restricted	997,568
Other receivables	74,056
Prepaid expenses	13,145
Total Assets	<u>1,084,769</u>
Liabilities, Deferred Inflow of Resources, Liabilities:	
Accounts payable	99,361
Unearned revenue	904,083
Total Liabilities	<u>1,003,444</u>
Fund Balances:	
Nonspendable	13,145
Restricted for emergencies	5,980
Assigned for capital projects	62,200
Total Fund Balances	<u>81,325</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u><u>1,084,769</u></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, 2023**

Governmental Funds Total Fund Balance	81,325
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Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds.

Details of these amounts are as follows:

Capital assets	3,946,653	
Accumulated depreciation	<u>(1,163,862)</u>	
		2,782,791

Long-term liabilities, including bonds payable and developer advances, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:

Developer advance	<u>(32,530)</u>	
		<u>(32,530)</u>

Net Position of Governmental Activities	<u><u>2,831,586</u></u>
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**Alpine Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023**

	General Fund
Revenues:	
Service obligation payments from Breckenridge Metropolitan District	45,300
Charges for services	103,383
Interest	44,895
Other income	5,771
Total Revenues	199,349
Expenditures:	
General government	82,184
Public works	113,291
Capital outlay	3,874
Total Expenditures	199,349
Net Change in Fund Balances	-
Fund Balances - Beginning	81,325
Fund Balances - Ending	81,325

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 Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balances for total governmental funds -

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:

Capital additions	3,873	
Depreciation expense	<u>(167,791)</u>	<u>(163,918)</u>
Change in Net Position of Governmental Activities		<u><u>(163,918)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023**

I. Summary of Significant Accounting Policies

Alpine Metropolitan 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. The District has no employees and all services are contracted.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

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

Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

**Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at amortized cost. The change in value of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2023.

3. Capital Assets

Capital assets, which include drainage improvements, recreation improvements, and transportation improvements, are reported in the governmental activity columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Drainage improvements	10 - 30
Recreation improvements	3 - 25
Transportation improvements	25

4. Long-term Debt

In the government-wide financial statements, long-term debt is reported as liabilities. In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the fund financial statements.

Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

F. Subsequent Events

Management has evaluated subsequent events through **June 10, 2024**; the date these financial statements were available to be issued.

Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2023:

- (1) For the 2023 budget year, prior to August 25, 2022, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2022, the County Assessor sent the final recertified assessed valuation to the District.
- (2) On or before October 15, 2022, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
- (4) For the 2023 budget, prior to December 15, 2022, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2023 budget, the final budget and appropriating resolution was adopted prior to December 31, 2022.

After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

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

**Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)**

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$5,980, which is the approximate required reserve, at December 31, 2023.

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.

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. As of November 2022 the debt authorization has expired (see II.B.C).

The District's management believes it is in compliance with the financial provisions of TABOR.

C. Authorized But Unissued Debt

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, expired in November 2022.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$71,938 at year end.

Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

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

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

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Term to Maturity	
			Less than one year	More than one year
<i>Deposits:</i>				
Checking and savings	Not rated	71,938	71,938	-
<i>Investments:</i>				
Investment pool	AAAm	925,630	925,630	-
		<u>997,568</u>	<u>997,568</u>	<u>-</u>

**Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)**

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2023, the District had the following recurring fair value measurements.

Investments Measured at Amortized Cost	Total
CSAFE	925,630
	925,630

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

As of December 31, 2023, the District had invested \$925,630 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 value which approximates fair value.

Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on all Funds (continued)

B. Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Drainage improvements	1,737,564	-	-	1,737,564
Recreation improvements	1,240,117	3,873	(3,738)	1,240,252
Transportation improvements	968,837	-	-	968,837
Total capital assets	<u>3,946,518</u>	<u>3,873</u>	<u>(3,738)</u>	<u>3,946,653</u>
Less accumulated depreciation for:				
Drainage improvements	(662,693)	(58,526)	-	(721,219)
Recreation improvements	(215,371)	(70,512)	3,738	(282,145)
Transportation improvements	(121,745)	(38,753)	-	(160,498)
Total accumulated depreciation	<u>(999,809)</u>	<u>(167,791)</u>	<u>3,738</u>	<u>(1,163,862)</u>
Net Capital Assets	<u>\$ 2,946,709</u>	<u>(163,918)</u>	<u>-</u>	<u>2,782,791</u>

Depreciation and amortization expense and capital outlay expenditures are classified by function as follows:

	Capital Outlay	Depreciation Expense
Drainage	-	58,526
Recreation	3,873	70,512
Transportation	-	38,753
	<u>3,873</u>	<u>167,791</u>

**Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)**

III. Detailed Notes on all Funds (continued)

C. Long-term Debt

The District had the following long-term debt outstanding during the fiscal year:

1. Developer Advance

The District entered into an Funding and Reimbursement Agreement with the Developer, Breckenridge Grand Vacations, where the Developer provided for the advancement of certain monies to the District for the formation costs of Subdistrict A. Subdistrict A was originally created by the District along with Breckenridge Mountain Metropolitan District to cover the construction, ongoing maintenance, and operations costs of a new gondola project that would benefit a particular portion of the District. Pursuant to the agreement, the Developer would cover the initial costs of Subdistrict A's formation and is to be repaid once the Subdistrict has issued bonds for the related project. The Subdistrict has budgeted to issue bonds during 2023 for the project, however the project was delayed. As of December 31, 2023 outstanding advances totaled \$32,530.

The District had the following changes in long-term obligations for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Developer advances	32,530	-	-	32,530	-
	<u>32,530</u>	<u>-</u>	<u>-</u>	<u>32,530</u>	<u>-</u>

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. The Pool provides coverage for property claims and liability coverage claims and workers' compensation. 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 member pursuant to a distribution formula.

**Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)**

IV. Other Information (continued)

A. Risk Management (continued)

Colorado Special Districts Property and Liability Pool (continued)

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2023 (the latest audited information available) is as follows:

Assets	81,143,798
Liabilities	58,670,068
Capital and surplus	22,473,730
Total	81,143,798
Revenue	29,593,851
Underwriting expenses	31,416,477
Underwriting gain (loss)	(1,822,626)
Other income	1,695,393
Net income (loss)	(127,233)

B. 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.

C. 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.

V. Intergovernmental Agreements

A. Facilities Construction and Service Agreement

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.

Alpine Metropolitan District
Notes to the Financial Statements
December 31, 2023
(continued)

V. Intergovernmental Agreements (continued)

A. Facilities Construction and Service Agreement (continued)

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 2023, BMMD funded operating expenditures of the District totaling \$45,300.

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.

In addition, at December 31, 2023, \$904,083 has been received from BMMD representing prepayments from BMMD that the District is holding in reserve for future capital and operating expenditures.

B. District Coordinating Services Agreement

The District entered into a Coordinating Services Agreement with Breckenridge Mountain Metropolitan District, Subdistrict A (the "Subdistrict") on July 28, 2022. Pursuant to this agreement, the District is to provide certain administrative services for the Subdistrict. Additionally, the District will own, operate and maintain public improvements within the Subdistrict that are not otherwise dedicated or conveyed to the Town of Breckenridge, Summit County, or other public entity or owners' association. In exchange, the Subdistrict is responsible for any and all costs incurred by the District for the same, as more fully provided in the agreement.

As of December 31, 2023 the Subdistrict had an additional \$13,863 of activity for total costs incurred of \$61,734.

REQUIRED SUPPLEMENTARY INFORMATION

Alpine Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
Service obligation payments from Breckenridge Metropolitan District	128,354	45,300	(83,054)
Service obligation payments from Breckenridge Metropolitan District, Subdistrict A	188,195	-	(188,195)
Charges for services	117,860	103,383	(14,477)
Interest	33,041	44,895	11,854
Other income	-	5,771	5,771
Total Revenues	467,450	199,349	(268,101)
Expenditures:			
General government:			
Accounting and auditing	51,269	45,261	6,008
Elections	17,000	3,167	13,833
Insurance	14,828	13,912	916
Legal	33,763	19,234	14,529
Operating fees	1,043	610	433
Interdistrict	10,871	-	10,871
Contingency	10,000	-	10,000
Public works:			
Ice Rink - Management services	145,053	113,291	31,762
Capital expenditures	-	3,874	(3,874)
Total General Government Expenditures	283,827	199,349	84,478
Net Change in Fund Balance	183,623	-	(183,623)
Fund Balance - Beginning	905,298	81,325	(823,973)
Fund Balance - Ending	1,088,921	81,325	(1,007,596)