

**Base Village Metropolitan District No.1  
Pitkin County, Colorado**

**FINANCIAL STATEMENTS**

**December 31, 2019**

**Base Village Metropolitan District No. 1**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Base Village Metropolitan District No. 1  
Pitkin County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Base Village Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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 Base Village Metropolitan District No. 1, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

I

**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I through III be presented to supplement the basic financial statements. Such information, although not 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.

### *Other 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 supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
April 22, 2020

## **Base Village Metropolitan District No. 1**

### **Management's Discussion and Analysis December 31, 2019**

As management of Base Village Metropolitan District No. 1 (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, 2019.

#### **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 are composed of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

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

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

The governmental activity of the District is primarily construction, operation, and maintenance of public improvements. There are no business-type activities within the District.

The District's government-wide and fund financial statements can be found on pages 1 through 6 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 legal requirements. The District currently has one fund, the General Fund, which is a governmental fund.

**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. A reconciliation of the fund balance as reported in the governmental funds to the net position reported in the government-wide financial statements and a reconciliation of the net change in fund balance to the change in net position has been provided to facilitate the 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 7 through 23 of this report.

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

### Statement of Net Position

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 684,914	\$ 640,867
Capital and long term assets	20,809,375	21,421,589
<b>Total Assets</b>	<b>21,494,289</b>	<b>22,062,456</b>
<b>Liabilities:</b>		
Current liabilities	156,808	215,975
Long-term obligations payable	10,902,777	10,445,198
<b>Total Liabilities</b>	<b>11,059,585</b>	<b>10,661,173</b>
<b>Deferred Inflows</b>		
Property Taxes	299,407	280,324
<b>Total Deferred Inflows</b>	<b>299,407</b>	<b>280,324</b>
<b>Net position:</b>		
Net investment in capital assets, net of debt	16,326,933	16,178,306
Restricted for TABOR	15,400	14,700
Unrestricted	(6,207,036)	(5,072,047)
<b>Total Net position</b>	<b>\$ 10,135,297</b>	<b>\$ 11,120,959</b>

### Statement of Activities

<b>Revenues:</b>		
Program Revenues		
Operating grants and contributions	\$ 215,987	191,977
Charges for Services	608,360	546,611
Capital Grants and contributions	0	0
General revenue:		
Property Taxes	280,324	284,272
Interest and other revenue	14,245	13,327
<b>Total Revenue</b>	<b>1,118,916</b>	<b>1,036,187</b>
<b>Expenses:</b>		
General government	1,646,999	1,558,457
Interest on long-term debt	457,578	457,578
<b>Total Expenses</b>	<b>2,104,577</b>	<b>2,016,035</b>
<b>Change in Net position</b>	<b>(985,661)</b>	<b>(979,848)</b>
<b>Net position - Beginning</b>	<b>11,120,959</b>	<b>12,100,807</b>
<b>Net position - Ending</b>	<b>\$ 10,135,297</b>	<b>\$ 11,120,959</b>

The District is the "service district" in a dual district structure whereby the District constructed the public infrastructure and provides certain services for Base Village Metropolitan District No. 2. Pursuant to the consolidated service plan for the Districts, the District is obligated to provide certain capital facilities and operational services and obligates Base Village Metropolitan District No. 2 (the "financing district") to fund the District's cost of constructing the facilities and operations.

**Government-wide Financial Analysis.** The District's primary activity in 2019 has been the operation of the public improvements owned by the District. The District's primary revenue sources are property taxes, intergovernmental revenues from Base Village Metropolitan District No. 2, and charges for services. The decrease in net position is primarily the result of depreciation expense and interest expense on long-term debt.

### **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 \$228,699, which is the result of a cumulative surplus of revenues in excess of expenditures.

The District adopts budgets for each fund on an annual basis. Budgetary comparisons have been provided on page 6 for the General Fund.

**Capital assets.** The District invested \$0 in capital asset additions. Overall, total capital assets, after depreciation, decreased from \$21,421,589 to \$20,809,375 during 2019 due to depreciation expense. 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 14 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 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

## **BASIC FINANCIAL STATEMENTS**

Base Village Metropolitan District No. 1

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 298,572
Cash and investments - Restricted	15,400
Accounts receivable	52,016
Receivable from County Treasurer	741
Property taxes receivable	299,407
Prepaid expense	16,793
Due from other governments	1,985
Capital assets, net	20,809,375
<b>Total assets</b>	<u>21,494,289</u>
<b>LIABILITIES</b>	
Accounts payable	141,358
Due to other governments	15,450
Noncurrent liabilities	
Due in more than one year	10,902,777
<b>Total liabilities</b>	<u>11,059,585</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	299,407
<b>Total deferred inflows of resources</b>	<u>299,407</u>
<b>NET POSITION</b>	
Net investment in capital assets	16,326,933
Restricted for:	
Emergency reserves	15,400
Unrestricted	(6,207,036)
<b>Total net position</b>	<u>\$ 10,135,297</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**Base Village Metropolitan District No. 1**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
			<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Primary government</b>				
General government	\$ 1,646,999	\$ 608,360	\$ 215,987	\$ (822,652)
Interest on long-term debt and related costs	457,578	-	-	(457,578)
<b>Total governmental activities</b>	<u>\$ 2,104,577</u>	<u>\$ 608,360</u>	<u>\$ 215,987</u>	<u>\$ (1,280,230)</u>
<b>General revenues:</b>				
				280,324
				9,841
				4,404
				<u>294,569</u>
				(985,661)
				11,120,958
				<u>\$ 10,135,297</u>

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**Base Village Metropolitan District No. 1**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2019**

	<u>General Fund</u>	<u>Capital projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 169,361	\$ 129,211	\$ 298,572
Cash and investments - Restricted	15,400	-	15,400
Accounts receivable	52,016	-	52,016
Receivable from county treasurer	741	-	741
Property taxes receivable	299,407	-	299,407
Prepaid expense	16,793	-	16,793
Due from other governments	1,985	-	1,985
<b>Total assets</b>	<u>\$ 555,703</u>	<u>\$ 129,211</u>	<u>\$ 684,914</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 141,358	\$ -	\$ 141,358
Due to other governments	15,450	-	15,450
<b>Total liabilities</b>	<u>156,808</u>	<u>-</u>	<u>156,808</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	299,407	-	299,407
<b>Total deferred inflows of resources</b>	<u>299,407</u>	<u>-</u>	<u>299,407</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid amounts	16,793	-	16,793
Assigned for:			
Capital projects	-	129,211	129,211
Restricted for:			
Emergencies	15,400	-	15,400
Unassigned	67,295	-	67,295
<b>Total fund balances</b>	<u>99,488</u>	<u>129,211</u>	<u>228,699</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 555,703</u>	<u>\$ 129,211</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, net 20,809,375

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Developer advance payable (5,719,730)

Accrued interest on developer advance (5,183,047)

Net position of governmental activities \$ 10,135,297

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**Base Village Metropolitan District No. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	<u>General Fund</u>	<u>Capital projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 280,324	\$ -	\$ 280,324
Specific ownership taxes	9,841	-	9,841
Intergovernmental revenue	215,987	-	215,987
Investment income	4,404	-	4,404
Transit center revenue	12,390	-	12,390
Parking garage user fees	570,970	-	570,970
Conference center revenue	25,000	-	25,000
Transfers from other governments	-	129,000	129,000
<b>Total revenues</b>	<u>1,118,916</u>	<u>129,000</u>	<u>1,247,916</u>
<b>Expenditures</b>			
Current			
Accounting	34,996	-	34,996
Administrative	28,453	-	28,453
Audit	12,250	-	12,250
County Treasurer's fees	14,016	-	14,016
Insurance and bonds	51,291	-	51,291
Legal services	49,649	-	49,649
Utilities	339	-	339
Bank and Merchant fees	843	-	843
Conference center operations	270,248	-	270,248
Parking garage operations	430,227	-	430,227
Transit center operations	142,473	-	142,473
Transfer to other funds	129,000	-	129,000
<b>Total expenditures</b>	<u>1,163,785</u>	<u>-</u>	<u>1,163,785</u>
<b>Net change in fund balances</b>	(44,869)	129,000	84,131
<b>Fund balances - beginning</b>	<u>144,357</u>	<u>211</u>	<u>144,568</u>
<b>Fund balances - ending</b>	<u>\$ 99,488</u>	<u>\$ 129,211</u>	<u>\$ 228,699</u>

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**Base Village Metropolitan District No. 1**

**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, 2019**

Net change in fund balances - governmental funds: \$ 84,131

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlays is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation (612,214)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on Developer advance payable (457,578)

Change in net position of governmental activities \$ (985,661)

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**Base Village Metropolitan District No. 1**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended December 31, 2019**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 280,324	\$ 280,324	\$ 280,324	\$ -
Specific ownership taxes	11,370	11,370	9,841	(1,529)
Intergovernmental revenue	217,357	218,432	215,987	(2,445)
Investment income	1,000	3,500	4,404	904
Transit center revenue	-	12,390	12,390	-
Parking garage revenue	452,978	581,090	570,970	(10,120)
Conference center revenue	25,000	25,000	25,000	-
Other revenue	-	1,056	-	(1,056)
<b>Total revenues</b>	<u>988,029</u>	<u>1,133,162</u>	<u>1,118,916</u>	<u>(14,246)</u>
<b>EXPENDITURES</b>				
Accounting	48,250	32,900	34,996	(2,096)
Administrative	27,478	27,478	28,453	(975)
Audit	12,450	12,150	12,250	(100)
County Treasurer's fees	14,016	14,016	14,016	-
Contingency	20,000	20,000	-	20,000
Insurance and bonds	52,845	52,845	51,291	1,554
Legal services	55,000	55,000	49,649	5,351
Utilities	400	400	339	61
Bank and Merchant fees	700	750	843	(93)
Conference center operations	174,950	276,077	270,248	5,829
Parking garage operations	382,265	421,582	430,227	(8,645)
Transit center operations	199,568	211,491	142,473	69,018
Transfer to other funds	-	50,000	129,000	(79,000)
<b>Total expenditures</b>	<u>987,922</u>	<u>1,174,689</u>	<u>1,163,785</u>	<u>10,904</u>
<b>Net change in fund balances</b>	<u>107</u>	<u>(41,527)</u>	<u>(44,869)</u>	<u>(3,342)</u>
<b>Fund balances - beginning</b>	<u>105,201</u>	<u>144,356</u>	<u>144,357</u>	<u>1</u>
<b>Fund balances - ending</b>	<u>\$ 105,308</u>	<u>\$ 102,829</u>	<u>\$ 99,488</u>	<u>\$ (3,341)</u>

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

## **Base Village Metropolitan District No.1**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

#### **NOTE 1 – DEFINITION OF REPORTING ENTITY**

Base Village Metropolitan District (the District) was organized by Court Order in December 2004, to provide financing for the design, acquisition installation and construction of streets, drainage, traffic and safety controls, parks and recreation, transportation, and mosquito and pest control. The District's service area is located entirely within the Town of Snowmass Village (the Town), in Pitkin County, Colorado. Under the consolidated Service Plan (Amended and Restated Consolidated Service Plan approved October 17, 2006), the District is the Service District and is related to Base Village Metropolitan District No. 2 (District No. 2), which serves as the Financing District. The Service District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements and not conveyed to the Town. The Service District, together with the Financing District, provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

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

As of December 31, 2019 no component unit has been identified as reportable to the District, nor is the District a component unit of any other primary governmental entity.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Government-wide and fund financial statements**

The government-wide financial statements include the statement of net position and statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

## Base Village Metropolitan District No. 1

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

#### **Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are shown as increases in assets and repayment of developer advances are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

*The capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

## **Base Village Metropolitan District No. 1**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2019**

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

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Pooled cash and investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

#### **Property taxes**

Property taxes are levied by the District's 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 normally 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 taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

#### **Budgetary information**

In accordance with the Colorado State Budget Law, the District's Board of Directors (the Board) holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The Board 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

## Base Village Metropolitan District No. 1

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Subsequent to year end, the District amended its annual budget for the year ended December 31, 2019.

#### **Fund balances**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. 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 inventory) or is legally or contractually required to be maintained intact.

*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.

*Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The District had \$129,211 assigned for capital projects at December 31, 2019.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

**Capital Assets**

Capital assets, which include property and infrastructure assets (e.g. roads, bridges, sidewalks, facilities and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Equipment	5 years
Conference Center	39 years
Parking garage	50 years
Main Street Bridge	50 years
Skier Funnel Bridge	50 years
Transit Center	39 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated.

**Deferred inflow of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or 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, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 298,572
Cash and investments - Restricted	15,400
Total cash and investments	<u>\$ 313,972</u>

Cash and investments as of December 31, 2019 consist of the following:

Cash on hand	\$ 1,500
Deposits with financial institutions	301,508
Investments	10,964
Total cash and investments	<u>\$ 313,972</u>

**Deposits with Financial Institutions**

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 102% of the aggregate uninsured deposits.

The State Commissioners 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.

At December 31, 2019, the District's cash deposits had a bank balance of \$301,508 and a carrying balance of \$301,508.

**Investments**

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments.

The District generally limits its investment to those which are believed to have minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to three or five years or less (depending upon the type of investment) unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

As of December 31, 2019, the District had the following investment:

<b>Investment</b>	<b>Maturity</b>	<b>Amount</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Less than 1 year	\$ 10,964
Total investments		<u>\$ 10,964</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, certain money market funds and highest rated commercial paper, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE records its investments at amortized cost and the District records its investment in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. CSAFE is rated AAAM by Standard and Poor's.

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

**NOTE 4 – CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019, follows:

	Balance at December 31, 2018	Additions	Deletions	Balance at December 31, 2019
Capital assets, being depreciated:				
Conference center	\$ 3,668,310	\$ -	\$ -	\$ 3,668,310
Parking garage	14,426,182	-	-	14,426,182
Main Street bridge	3,279,140	-	-	3,279,140
Skier funnel bridge	1,750,157	-	-	1,750,157
Transit center	3,913,294	-	-	3,913,294
Total capital assets being depreciated	<u>27,037,083</u>	<u>-</u>	<u>-</u>	<u>27,037,083</u>
Less accumulated depreciations for:				
Conference center	937,406	95,434	-	1,032,840
Parking garage	2,900,949	315,853	-	3,216,802
Main Street bridge	557,455	65,583	-	623,038
Skier funnel bridge	367,532	35,003	-	402,535
Transit center	852,152	100,341	-	952,493
Total accumulated depreciation	<u>5,615,494</u>	<u>612,214</u>	<u>-</u>	<u>6,227,708</u>
Governmental activities capital assets, net	<u>\$ 21,421,589</u>	<u>\$ (612,214)</u>	<u>\$ -</u>	<u>\$ 20,809,375</u>

Capital assets were paid for, acquired by, or reimbursed by the District and a portion of the assets were conveyed to other governmental entities. Costs are recorded as construction in progress until placed in service by the District or conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

**NOTE 5 – LONG-TERM OBLIGATIONS**

Following is an analysis of changes in long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Developer advances:					
Advance and Reimbursement Agreement	\$ 1,237,288	\$ -	\$ -	\$ 1,237,288	\$ -
Infrastructure Acquisition and Reimbursement Agreement	4,482,443	-	-	4,482,443	-
Accrued interest	4,725,468	457,578	-	5,183,046	-
Total developer advances	<u>\$ 10,445,199</u>	<u>\$ 457,578</u>	<u>\$ -</u>	<u>\$ 10,902,777</u>	<u>\$ -</u>

**Advance and Reimbursement Agreement**

The District entered into that certain “Funding and Reimbursement Agreement for Capital and O&M Costs” dated July 27, 2005, which was amended on April 3, 2008 (First Amendment), and June 25, 2008 (Second Amendment)(collectively, “the Funding and Reimbursement Agreement”), with Intrawest/Brush Creek Development Company, LLC (Intrawest), whereby Intrawest agreed to advance funds for costs associated with the organization and development of the District and for the services and improvements related to the construction of capital infrastructure for which the District is authorized. The District was to reimburse Intrawest, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. Reimbursement was to include interest at the rate of 8% per annum. The obligation was declared to be subordinate to any District bonded indebtedness.

On March 1, 2007, Intrawest assigned the Agreement to Base Village Owner LLC. Under this assignment, all prior amounts due to Intrawest were payable to Base Village Owner LLC. On September 28, 2012, the Agreement was assigned to Snowmass Acquisition Company LLC (SAC).

On December 22, 2016, the amounts owing under the Agreement were assigned to SV Bond Holdings, LLC (SV Bond), an affiliate of the Developer (see Note 7) pursuant to the Omnibus Reimbursement Agreement whereby District No. 2 is no longer obligated to repay the advances.

## **Base Village Metropolitan District No. 1**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2019**

As of December 31, 2019, outstanding advances under the Agreement totaled \$1,237,288 for operations and accrued interest totaled \$560,481.

#### **Infrastructure Acquisition and Reimbursement Agreement**

The District entered into that certain “Infrastructure Acquisition and Reimbursement Agreement” dated October 19, 2007, with Base Village Owner LLC, which was superseded by that certain “Amended and Restated Infrastructure Acquisition and reimbursement Agreement, dated June 25, 2008 (IARA). District No. 2 was a party to the IARA for purposes of providing funding for payment of obligations to the Developer. On September 28, 2012, the obligations were assigned to Snowmass Acquisition Company LLC. Per the IARA, the District was obligated to reimburse the Developer for those improvements that are determined to be “District Eligible Costs”. District Eligible Costs was defined to mean any and all costs that may be lawfully funded by the District under the Special District Act and the Districts’ Service Plan. District Eligible Costs would be accepted by the District after cost and engineer certifications are issued. With respect to District Eligible Costs for which the District became obligated to reimburse the Developer but which remained unpaid, interest would accrue at 8% per annum from the date of acceptance.

Under the Omnibus Reimbursement Agreement (described below), District No. 2 was released from the reimbursement obligation under the IARA, and the District is the sole entity obligated to make reimbursement. Also, pursuant to the Omnibus Reimbursement Agreement, the party entitled to be reimbursed was established as SV Bond.

As of December 31, 2019, outstanding obligations totaled \$4,482,442 and accrued interest totaled \$4,622,565.

#### **Operations Guarantee Agreement (2008)**

The District entered into that certain Operations Guarantee Agreement dated June 25, 2008 by and among District No. 1, District No. 2, and Base Village Owner LLC (the “Operations Guarantee Agreement”), pursuant to which Base Village Owner LLC agreed to provide supplemental funding to District No. 1 for operating costs which District No. 1 and District No. 2 agreed to reimburse, pursuant to the terms thereof. On September 28, 2012, the obligations of Base Village Owner, LLC were assigned to Snowmass Acquisition Company LLC.

#### **Omnibus Funding and Reimbursement Agreement**

On November 28, 2016, the District and SV Bond entered into that certain “Omnibus Funding and Reimbursement Agreement” effective December 22, 2016, the date of issuance District No. 2’s bonds, (the “Omnibus Reimbursement Agreement”) which consolidates the Funding and Reimbursement Agreement, the IARA, and the

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

Operations Guarantee Agreement (the "Prior Agreements"). In the Omnibus Reimbursement Agreement, the District agreed to repay amounts due under the Prior Agreements, and District No. 2 was relieved of its repayment obligation under the Prior Agreements. The Omnibus Reimbursement Agreement provides that from the date thereof, interest shall accrue at the rate of 8% per annum simple interest, to the earlier of the date a reimbursement obligation is issued or repayment is made. The obligation to pay these amounts terminates 40 years from the date of the agreement. The Omnibus Reimbursement Agreement states that it evidences the District's intent to repay SV Bond, but that the obligation shall not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision. The District's agreement to repay SV Bond is subject to annual appropriation by the District. However, the Omnibus Reimbursement Agreement does contemplate the issuance of long-term debt obligations to SV Bond to provide for payment (Reimbursement Obligations).

Reimbursement Obligations may only be issued in accordance with the limitations of the Capital Pledge Agreement (see Note 8). In the Capital Pledge Agreement, the District acknowledges and agrees that its obligations under the Capital Pledge Agreement are prior and superior to all obligations of the District under the Omnibus Reimbursement Agreement.

**Debt Authorization**

On November 7, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$112,000,000 at an interest rate not to exceed 12% per annum. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<b>Authorized November 6, 2007 Election</b>	<b>Authorization Used</b>	<b>Remaining at December 31, 2017</b>
Streets	\$ 20,000,000		\$ 20,000,000
Public Transportation	6,000,000		6,000,000
Fire protection	2,000,000		2,000,000
Traffic and safety	28,000,000		28,000,000
Parks and recreation	28,000,000		28,000,000
Mosquito control	28,000,000		28,000,000
	<u>\$ 112,000,000</u>	<u>\$ -</u>	<u>\$ 112,000,000</u>

Pursuant to the Amended and Restated Consolidated Service Plan, the Districts are permitted to issue bond indebtedness of up to \$48,700,000 in par-amount, excluding underwriter discount, credit enhancement costs, other costs of issuance, and payments made by guarantors under any pledge agreement or for direct bond payments. As of December 31, 2012, District No. 2 has issued \$47,750,000 (inclusive

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

of \$4,179,943 of costs excludable as described above) of General Obligation Bonds and \$2,200,000 in the form of a Developer Subordinate Note.

During 2013, District No. 2 refunded its Series 2008A bonds, repaid its Developer Subordinate Note, and reduced its 2011 Guarantor Bond obligation through the issuance of the Series 2013A Senior Limited Tax Refunding Loan and the Series 2013B Subordinate Limited Tax Refunding Bonds. No additional authorization was used as District No. 2 issued less debt than was previously issued with the 2008 obligations and Subordinate Note.

During 2016, District No. 2 refunded its outstanding 2013 A Bonds and a portion of its 2013B Bonds with the issuance of its 2016A General Obligation Limited Tax Refunding Bonds and its 2016B General Obligation Limited Tax Subordinate Bonds. The 2011 Guarantor Bonds and the remaining portion of the 2013B Bonds were forgiven by the Bondholders and are deemed canceled and paid in full. No additional authorization was used by District No. 2.

**NOTE 6 – NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, developer advances, note, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investment in capital assets in the amount of \$16,326,933.

Restricted assets include net position that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019, the District had restricted net position of \$15,400 for Emergency Reserves.

The District has a deficit in unrestricted net position. The deficit is primarily due to the District being responsible for the repayment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 7 – RELATED PARTIES**

On September 22, 2016, SAC (the "Prior Developer") entered into a purchase and sale contract with East West Partners, Inc., a Colorado corporation ("East West") for the sale of the Prior Developer's interest. East West formed of a joint venture to acquire the Prior Developer's interest, a member of which is an affiliate of Aspen Skiing

## **Base Village Metropolitan District No. 1**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2019**

Company and an affiliate of KSL Capital Partners, LLC (“KSL”). The joint venture is Snowmass Ventures, LLC (the “Developer”). East West assigned its interest in the Purchase Agreement to the Developer on December 7, 2016. The Developer also acquired Snowmass Hospitality, LLC (“SH”) which provides property management services and created a new entity to provide such services in the future, SV Snowmass Hospitality, LLC. During 2019, the District paid SV Snowmass Hospitality for management services in the amount of \$105,618. Further, SV Bond, an affiliate of the Developer, is owed amounts under the Advance and Reimbursement Agreement (see Note 5).

As of December 31, 2019, four positions on the Board of Directors were occupied by Developer representatives. Such Board members may have potential conflict of interest with respect to actions taken in their capacity as Board members. Disclosure of any potential conflicts of interest is made in accordance with Colorado law, in advance of each Board meeting.

#### **NOTE 8 – DISTRICT AGREEMENTS**

##### **Intergovernmental Agreement with Base Village Metropolitan District No. 2**

In connection with the issuance of the Series 2008A and Series 2008B bonds by District No. 2, the District and District No. 2 entered into that certain “Amended and Restated District Public Improvements Joint Financing, Construction and Service Agreement” (the “Joint Financing Agreement”) dated June 25, 2008. The Joint Financing Agreement superseded and replaced an earlier agreement between the parties providing for District to coordinate the financing, construction, operation and maintenance of public improvements and services of benefit to the Districts. The Joint Financing Agreement made certain changes to accommodate the issuance of the Series 2008A and Series 2008B bonds, and the issuance of additional debt, including the 2013A Loan and 2013B bonds of District No. 2. The Districts terminated this Agreement on November 28, 2016 and now operate under the Operations Agreement.

##### **Operations Agreement**

The District and District No. 2 entered into an Operation, Maintenance and Administrative Services Agreement dated as of November 28, 2016 and effective December 22, 2016 (the “Operations Agreement”). The Operations Agreement replaces the Joint Financing Agreement.

The Operations Agreement establishes certain rights and obligations of the Districts with respect to the provision of operations, maintenance and administrative services of the Districts. The Operations Agreement obligates the District to continue to serve as the administrative agent for District No. 2 with respect to statutory annual requirements that are required of District No. 2, and also to operate and maintain public infrastructure owned by the District and/or as to which the District has

## **Base Village Metropolitan District No. 1**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2019**

operations and maintenance responsibilities pursuant to easements or other property interests. The Operations Agreement obligates District No. 2 to levy six mills until such time as the District mill levy (in the amount of 43.5 mills less the Capital Levy under the Capital Pledge Agreement) is sufficient to meet a single year's operations, maintenance and administrative expenses, at which point District No. 2 will no longer be obligated to fund any such expenses. During 2019 the District received \$215,987 of net property taxes from District No. 2 to pay for the costs of operations associated with public infrastructure.

#### **Base Village Intergovernmental Agreement**

On September 30, 2006, the District, District No. 2, and Snowmass Village General Improvement District No. 1 (the GID) entered into that certain "Base Village Intergovernmental Agreement" dated as of September 30, 2006 (the Base Village IGA) in order to establish the total aggregate mill levies that are to be imposed by the Districts and the GID, and certain other related matters. Under the Base Village IGA, the mill levies of the Districts may not exceed 49.500 mills annually. District No. 2 was allowed to levy 29.500 mills in 2006, 2007, and 2008 for operations and maintenance and thereafter no more than 6.000 mills. Commencing in 2009, Base Village District No. 2 was to levy 37.5 mills until certain subordinate debt expected to be issued to the Developer and the Town was paid (only the Developer Subordinate Note was issued however). The Developer Subordinate Note was paid in connection with the issuance of the 2013 bonds. Accordingly, under the Base Village IGA, Base Village District No. 2 is allowed to levy up to 37.5 mills for debt service. In 2014, District No. 2 levied a debt service mill levy of 37.5 mills. The GID was permitted to levy 20.000 mills in 2006, 2007, and 2008 for operations and maintenance expenses and not more than 10.000 mills thereafter.

#### **Capital Pledge Agreement Between the District and District No. 2**

On December 22, 2016, the District and District No. 2 entered into an agreement (the "Capital Pledge Agreement") in connection with District No. 2's issuance of its 2016A and 2016B Bonds. In the Capital Pledge Agreement, the District acknowledges and agrees that its obligations under the Capital Pledge Agreement are prior and superior to all obligations under the Operations Agreement, and that the District will first determine and impose ad valorem property taxes for Shortfall Payments in satisfaction of its Payment Obligation under the Capital Pledge Agreement up to the maximum mill levy required thereunder, without taking into account any mill levy to be imposed under the Operations Agreement. In addition, the District No. 2's pledge of revenue under the Operations Agreement derived from its imposition of 6.000 mills is fully subordinate to the pledge of such revenue to its outstanding Bonds.

In the event of a Shortfall, the District is obligated by the Capital Pledge Agreement to pay to District No. 2 an amount equal to the lesser of (i) the amount of the Shortfall for the applicable Senior Bond year or (ii) the Capital Levy Revenue received by the

## **Base Village Metropolitan District No. 1**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2019**

District in such Senior Bond Year. If a Shortfall occurs, District No. 2 will be depending on the District to comply with the terms of the Capital Pledge Agreement in order to fund the Shortfall.

#### **Transit Center Joint Operating Agreement**

On November 1, 2010, the District entered into an operating agreement with the Town of Snowmass Village, Colorado, with regard to the Metro District Transit Center Facilities (Facilities). Per the agreement, the District shall be responsible for the operation and maintenance of the Facilities, and the Town shall be responsible for the operation and maintenance costs associated with the Transit Office. The Town will manage bus operations in the Facilities for the purposes of carrying out public transportation, which is limited to the Town's shuttles and Roaring Fork Transportation Authority buses, and those otherwise allowed by written consent from the Town.

#### **Conference Center Management Agreement**

On October 9, 2013, the District entered into an Independent Contract Agreement with the Snowmass Acquisition Company, LLC, dba Viceroy Snowmass, for the purpose of providing services to the Conference Center, including sales, marketing, booking and operations. This agreement renews automatically unless terminated by parties. The contract was assigned to SV Snowmass Hospitality, LLC on December 22, 2016.

#### **Management Agreement**

The District and SH were parties to that certain "Second Amended and Restated Public Facilities Management Agreement" dated January 1, 2014, as extended on November 18, 2015, November 28, 2016, December 5, 2018, and November 4, 2019 (the "Management Agreement"). Pursuant to this agreement, SH agreed to operate and maintain the Main Parking Garage, Transit Center and other public improvements owned, leased or controlled by the District. SH was an entity that was affiliated with the Prior Developer. The Management Agreement was assigned to SV Snowmass Hospitality, LLC in connection with the acquisition of the project by the Developer in December of 2016. Under the Management Agreement, SV Snowmass Hospitality is paid a fixed fee (subject to increase each January 1 by the greater of 2% or the Consumer Price Index) in the amount of \$45,000 for administering parking fees, \$10,000 for maintaining the Conference Center, \$15,000 for managing the Transit Center and \$25,000 for administering the Districts. In addition, the District agrees to pay the costs of third party contractors and suppliers engaged by SV Snowmass Hospitality to perform any management services.

#### **Operations Guaranty Agreement (2016)**

The District and Snowmass Ventures, LLC (Snowmass Ventures) a party related to the current Developer) entered into that certain "Operations Guaranty Agreement,"

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

dated as of November 28, 2016 for the purpose of establishing a source of supplemental funding for operating costs of the Districts incurred pursuant to the Operations Agreement. Snowmass Ventures is obligated to provide operating funds to the District provided that the Districts certify the full amount of the property tax mill levy required and authorized to be levied by the Districts for operating costs, and otherwise use every reasonable effort to collect other revenues to fund such costs. The District is obligated to reimburse such advances from available funds, subject to annual appropriation.

**Exclusion Agreement**

The Districts and Snowmass Ventures entered into that certain “Exclusion Agreement” dated as of November 28, 2016 by which the parties agreed to certain procedures to be followed to ensure that future commercial development was considered within the taxing boundaries of the District, and not part of the taxing boundaries of District No. 2.

**NOTE 9 – INTERFUND TRANSFERS**

The transfer from the general fund to the capital projects fund in the amount of \$129,000 was for the purpose of funding future capital improvements.

**NOTE 10 – RISK MANAGEMENT**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials’ liability and worker’s compensation 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 11 – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to 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.

**Base Village Metropolitan District No. 1**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**December 31, 2019**

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 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve, all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

\* \* \* \* \*

SUPPLEMENTARY INFORMATION

**Base Village Metropolitan District No. 1**

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

**For the Year Ended December 31, 2019**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Transfer from other funds	\$ -	\$ 50,000	\$ 129,000	\$ 79,000
<b>Total revenues</b>	<u>-</u>	<u>50,000</u>	<u>129,000</u>	<u>79,000</u>
<b>EXPENDITURES</b>				
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>50,000</u>	<u>129,000</u>	<u>79,000</u>
<b>Fund balances - beginning</b>	<u>211</u>	<u>211</u>	<u>211</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 211</u>	<u>\$ 50,211</u>	<u>\$ 129,211</u>	<u>\$ 79,000</u>

**Base Village Metropolitan District No. 1**

**FIVE-YEAR SUMMARY OF ASSESSED VALUATION,  
MILL LEVY, AND PROPERTY TAXES COLLECTED**

**December 31, 2019**

Year ended December 31,	Prior year assessed valuation for current year property tax levy General	Mills levied for General fund	Total property taxes		Percent collected to levied
			Levied	Collected	
2015	\$ 2,858,120	43.500	\$ 124,328	\$ 124,328	100.0%
2016	\$ 2,634,480	43.500	\$ 114,600	\$ 114,600	100.0%
2017	\$ 2,580,880	43.500	\$ 112,268	\$ 112,261	100.0%
2018	\$ 6,534,830	43.500	\$ 284,265	\$ 284,272	100.0%
2019	\$ 6,444,230	43.500	\$ 280,324	\$ 280,324	100.0%
Estimated for calendar year ending December 31, 2020	\$ 6,882,930	43.500	\$ 299,407		

*Note:*

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collect.