

**Alpine Mountain Ranch
Metropolitan District**

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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Board of Directors
Alpine Mountain Ranch Metropolitan District
Routt County, Colorado

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Alpine Mountain Ranch Metropolitan District, as of and for the year ended December 31, 2020, 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 of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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, the business-type activities, and each major fund of the Alpine Mountain Ranch Metropolitan District as of December 31, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

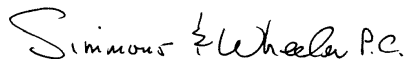
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages III-IX be presented to supplement the basic financial statements. Such information, 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 this 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 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 Alpine Mountain Ranch Metropolitan District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

 Simmons & Whelan P.C.

Englewood, CO
September 24, 2021

**ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended December 31, 2020**

The management of Alpine Mountain Ranch Metropolitan District ("District") offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2020.

Alpine Mountain Ranch Metropolitan District was established in 2006 as a special district to serve the needs of a residential planned development in Routt County, Colorado, generally known as Alpine Mountain Ranch & Club (the Development), which is owned and is being developed by Steamboat Alpine Development, LLC (the Developer). Infrastructure was completed for the Development in 2009 and was conveyed to the District in February 2011, at which time \$6,825,000 in special assessment bonds were issued by the Special Improvement District No. 1 ("SID") to pay for a portion of the improvements that were transferred to the District.

Following a quiet spring due to COVID restrictions that became effective in March 2020, Alpine Mountain Ranch & Club experienced an extremely vibrant second half of 2020. From June through December 2020, 5 homesites were sold including Lots 14, 20, 60, 33 and 38. Also closed was the sale of the Lot 18 market home in September for \$4,995,000.

2020 also saw construction begin on a 4,500 SF home on Lot 19. The Lot 19 market home went under contract in August, with a closing scheduled in May 2021 upon completion of the home.

Also in 2020 an affiliated company was formed to assume market home design and construction activities and to provide design build custom services behalf of AMRC buyers. In 2020, contracts were signed to build homes on each of the five lots sold, with construction commencing in 2021. This led to 2 water taps purchased from the District, generating \$27,360 in tap fee revenue, and the addition of 1 new water user came online. The District is projecting sales of 5 water taps in 2021 with an addition of 2 new water users.

The Capital Projects fund that was created in 2019 was funded with an additional \$50,000 in 2020, with \$86,000 in additional funding planned for 2021 through transfers from the Water fund and HOA Contributions. At the end of 2020 the District began planning for a bond refinance in 2021. This should generate an additional \$250,000 for the Capital Projects fund in 2021. Projects planned in 2021 include a guardrail replacement budgeted at \$100,000 and water system upgrades at \$65,000.

Financial Statement Presentation

The activity presented in these financial statements represents all material activity for the District since its inception in 2006.

With the implementation of Governmental Accounting Standards Board Statement 34, a government's presentation of financial statements focuses on the government as a whole (government-wide) and on the major individual funds. Both perspectives allow the reader to

address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the readers' understanding of the District's financial condition.

Financial Highlights

- Increases to Operating revenues over 2019 came from an increase to the Assessor's valuation of the property generating an additional \$2,908 in property taxes, plus an increase in water user fees from \$150 per lot per quarter to \$220. Overall there was a slight decrease to total Operating revenues due to a decrease in water tap fees of (\$11,380).
- Operating expenses were up (\$17,841) in the general fund driven primarily by an increase in legal fees. In the water fund expenses decreased \$10,117 due to property insurance combining with liability and changing carriers.
- General Fund finished with a year end fund balance of \$6,231, helped out by a transfer in from water fund of \$15,000.
- Water fund ended the year with an operating fund balance of \$9,280.
- In the Debt Service Fund 2 buyers exercised their early payoff options for bond assessments, which resulted in \$246,128 in additional revenues with a corresponding increase in expenditures (\$246,128) for the payoff.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements, presented on pages 1-24 are comprised of government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide and Proprietary Financial Statements

The government-wide financial statements give readers a broad overview of the entire District's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements include the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position*.

The *Statement of Net Position* presents information on all of the District's (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The government-wide financial statements distinguish functions of the District that are typically supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all of or a significant portion of their costs through user fees and charges (*Business-type Activities*). The District has only the business-type activity of providing water services and receives property taxes as non-operating revenues.

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

The *Statement of Cash Flows* reports the District's cash flows from operating, non-capital financing, capital and investing activities.

The *Notes to Financial Statements* 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 Financial Statements* can be found on pages 10-25 of this report.

Government-wide Financial Analysis

In order to enhance the analysis of the District's finances at the government-wide level, the information presented here includes a comparison of prior year data.

The *Statement of Net Position* and reviews of changes in assets, liabilities, deferred inflows and net position are condensed with comments and presented as follows:

Statement of Net Position				
	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Current assets	\$ 841,769	\$ 755,437	\$ 11,845	\$ 17,396
Capital assets (net of depreciation)	6,525,207	6,911,793	2,996,610	3,159,640
Total assets	7,366,976	7,667,230	3,008,455	3,177,036
Current liabilities	4,051,075	3,636,869	2,565	3,810
Long-term liabilities	8,195,299	8,724,104	-	-
Total liabilities	12,246,374	12,360,973	2,565	3,810
Deferred inflows of resources	7,880	7,416	-	-
Total deferred inflows of resources	7,880	7,416	-	-
Net investment in capital assets	(1,960,649)	(2,094,855)	2,996,610	3,159,640
Restricted	740,780	736,879	-	-
Unrestricted	(3,667,409)	(3,343,183)	9,280	13,586
Total net position	\$ (4,887,278)	\$ (4,701,159)	\$ 3,005,890	\$ 3,173,226

The District's Governmental Activities liabilities and deferred inflows of resources exceeded its assets by (4,887,278) (net position). The restricted portion of net position represents emergency reserves as required by state statute. Net investment in capital assets represents the acquisition of

capital assets for the provision of water services and roads, parks & trails. Due to the nature of these assets (long-term assets, which are not readily convertible to liquid assets) they are not considered to be available for spending or appropriation. The unrestricted portion of net assets represents funds available to cover capital improvements as well as general operating and water system expenses in future years.

Changes in Net Position

As taken from the *Statement of Revenues, Expenses and Changes in Net Position* in the basic financial statements, the following table depicts the changes in net position for the fiscal year 2020:

Summary of Changes in Net Position				
	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Charges for services	\$ -	\$ -	\$ 12,807	\$ 10,840
Operating grants and contributions	72,500	58,000	12,500	11,500
Capital grants and contributions	103,900	-	27,360	38,740
Property taxes (net of fees)	7,671	4,678	-	-
Special assessments (net of fees)	954,524	863,772	-	-
Non-operating revenues	7,135	11,762	-	-
Total revenues	<u>1,145,730</u>	<u>938,212</u>	<u>52,667</u>	<u>61,080</u>
General government	1,346,849	1,301,999	-	-
Water	-	-	205,003	214,869
Total expenses	<u>1,346,849</u>	<u>1,301,999</u>	<u>205,003</u>	<u>214,869</u>
Income before transfers	(201,119)	(363,787)	(152,336)	(153,789)
Transfers	15,000	11,000	(15,000)	(11,000)
Change in net position	(186,119)	(352,787)	(167,336)	(164,789)
Total net position - beginning of year	<u>(4,701,159)</u>	<u>(4,348,372)</u>	<u>3,173,226</u>	<u>3,338,015</u>
Total net position - end of year	<u>\$ (4,887,278)</u>	<u>\$ (4,701,159)</u>	<u>\$ 3,005,890</u>	<u>\$ 3,173,226</u>

Revenues - The majority of the District's revenues were realized from HOA contributions and special assessments. Additional revenues consisted of property taxes and water fees.

Expenses - The District's government-wide total expenses were from general government and water operations and from interest and depreciation expenses related to the acquisition of the capital assets.

Capital Asset Activity

The only activity related to capital assets in 2020 was a capital outlay for \$28,380 in roadwork.

As of the end of 2020, the District's investment in capital assets (net of depreciation) was \$9,521,817.

Streets	\$	5,130,128
Parks and Trails	\$	1,395,079
Water System	\$	1,620,610
Water Rights	\$	1,376,000

Planned investment in Capital Assets in 2021 include \$65,000 in water system upgrades and \$100,000 for a guardrail replacement.

Long Term Debt

At the end of 2020, the District had bonds payable debt in the amount of \$4,302,976. Reimbursement obligation outstanding to the Developer, (subject to annual appropriation), is \$4,175,000 with associated accrued interest of \$3,721,469.

Financial Analysis of Governmental Funds

As noted 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 spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

The accounts of the District are organized into more detailed information about the District's most significant funds. Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives.

Proprietary finds - These funds are used to account for business-type activities and are measured similar to commercial business accounting. The District uses Enterprise Funds to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods and services to the general public on a continuing basis be

financed or recovered primarily through user charges. The District currently uses this type of fund for its Water Enterprise Fund.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of operations, non-operating revenue, and contributions. Depreciation expense is not reflected on the budget since it does not affect “funds available”. This budgetary accounting is required by State statutes.

In 2020 General Fund expenditures were flat to the amended budget and higher than 2019 by (\$17,841). Revenue increased by \$6,092 from the previous year.

Water fund expenditures were flat to the amended budget and lower than the prior year by \$10,118 due to a decrease in insurance expense. Accumulated savings allowed for a transfer to the General Fund to cover a projected shortfall due to the higher than projected legal fees. Water Fund Revenue was higher than the original budget by \$15,360 due to higher than projected water tap fees.

Next Year’s Budget

In the 2021 fiscal year, the District has appropriated \$101,966 for general fund spending; \$117,070 for water fund spending and \$9,608,027 for debt service repayment. These expenditures will be funded from property taxes, special assessments, water service fees, interest income, HOA contributions and unappropriated surpluses. The 2021 budget also includes a refinance of the 2011 Series bonds.

Economic and Other Factors

The District’s primary sources of revenue are HOA contributions and property taxes which are imposed upon all of the service area of the District. The District also charges a water user and water tap fees which are used for water operations and there is a water lease agreement with a neighboring development. In 2020 the single-family residence water user rate was \$220 per quarter. The water lease rate was \$764.69 per month. Water tap fees are calculated at \$2.00 per gross square foot of building area. Bond payments are funded by special assessments upon the properties located within the SID.

Water Operator Services

The District contracts with an independent water operator for the provision of water treatment, monitoring and system maintenance services. The District is billed monthly for these services, with the amount varying based on time and services required each month.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Alpine Mountain Ranch Metropolitan District
Leslie Monroe – District Accountant
PO Box 773659
Steamboat Springs, CO 80477

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 83,862	\$ 11,845	\$ 95,707
Cash and investments - restricted	740,780	-	740,780
Property taxes receivable - current	39	-	39
Property taxes receivable - advance	7,880	-	7,880
Total Current Assets	<u>841,769</u>	<u>11,845</u>	<u>853,614</u>
CAPITAL ASSETS			
Nondepreciable	-	1,376,000	1,376,000
Depreciable, net of accumulated depreciation	6,525,207	1,620,610	8,145,817
Total Capital Assets	<u>6,525,207</u>	<u>2,996,610</u>	<u>9,521,817</u>
Total Assets	<u>7,366,976</u>	<u>3,008,455</u>	<u>10,375,431</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	14,157	2,565	16,722
Accrued interest payable	3,754,241	-	3,754,241
Bonds payable, due within one year	282,677	-	282,677
Total Current Liabilities	<u>4,051,075</u>	<u>2,565</u>	<u>4,053,640</u>
LONG-TERM LIABILITIES			
Bonds payable, net of current portion	8,195,299	-	8,195,299
Total Liabilities	<u>12,246,374</u>	<u>2,565</u>	<u>12,248,939</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	7,880	-	7,880
Total deferred inflows of resources	<u>7,880</u>	<u>-</u>	<u>7,880</u>
NET POSITION			
Net investment in capital assets	(1,960,649)	2,996,610	1,035,961
Restricted for:			
Emergency reserve	2,800	-	2,800
Debt service	737,980	-	737,980
Unrestricted	(3,667,409)	9,280	(3,658,129)
Total Net Position (Deficit)	<u>\$ (4,887,278)</u>	<u>\$ 3,005,890</u>	<u>\$ (1,881,388)</u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 120,859	\$ -	\$ 72,500	\$ 103,900	\$ 55,541	\$ -	\$ 55,541
Interest and related costs on long-term debt	839,404	-	-	-	(839,404)	-	(839,404)
Depreciation	386,586	-	-	-	(386,586)	-	(386,586)
Total Governmental Activities	1,346,849	-	72,500	103,900	(1,170,449)	-	(1,170,449)
Business-type Activities:							
Water - operations	41,973	12,807	12,500	27,360	-	10,694	10,694
Water - depreciation	163,030	-	-	-	-	(163,030)	(163,030)
Total Business-type Activities	205,003	12,807	12,500	27,360	-	(152,336)	(152,336)
Total	\$ 1,551,852	\$ 12,807	\$ 85,000	\$ 131,260	(1,170,449)	(152,336)	(1,322,785)
General Revenues:							
Property taxes (net of fees)					7,193	-	7,193
Specific ownership taxes					478	-	478
Special assessment (net of fees)					954,524	-	954,524
Interest income					4,015	-	4,015
Miscellaneous income					3,120	-	3,120
Transfer					15,000	(15,000)	-
Total general revenues and transfers					984,330	(15,000)	969,330
Change in Net Position					(186,119)	(167,336)	(353,455)
Net Position (Deficit) - Beginning					(4,701,159)	3,173,226	(281,838)
Net Position (Deficit) - Ending					\$ (4,887,278)	\$ 3,005,890	\$ (635,293)

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 8,341	\$ -	\$ 75,521	\$ 83,862
Cash and investments - restricted	2,800	737,980	-	740,780
Cash with county treasurer	39	-	-	39
Property taxes receivable	7,880	-	-	7,880
Accounts receivable - other	<u>9,208</u>	<u>-</u>	<u>-</u>	<u>9,208</u>
 Total Assets	 <u>\$ 28,268</u>	 <u>\$ 737,980</u>	 <u>\$ 75,521</u>	 <u>\$ 841,769</u>
 LIABILITIES				
Accounts payable	\$ 14,157	\$ -	\$ -	\$ 14,157
 Total Liabilities	 <u>14,157</u>	 <u>-</u>	 <u>-</u>	 <u>14,157</u>
 DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	<u>7,880</u>	<u>-</u>	<u>-</u>	<u>7,880</u>
 Total Deferred Inflows of Resources	 <u>7,880</u>	 <u>-</u>	 <u>-</u>	 <u>7,880</u>
 FUND BALANCES:				
Restricted:				
Emergencies	2,800	-	-	2,800
Debt service	-	737,980	-	737,980
Capital projects	-	-	75,521	75,521
Unreserved	<u>3,431</u>	<u>-</u>	<u>-</u>	<u>3,431</u>
 Total Fund Balance	 <u>6,231</u>	 <u>737,980</u>	 <u>75,521</u>	 <u>819,732</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u>\$ 28,268</u>	 <u>\$ 737,980</u>	 <u>\$ 75,521</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	6,525,207
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:	
Bonds payable	(4,302,976)
Accrued interest on bonds payable	(32,772)
Developer advance payable	(4,175,000)
Accrued interest on developer advance	<u>(3,721,469)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (4,887,278)</u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES				
Property taxes	\$ 7,416	\$ -	\$ -	\$ 7,416
Ownership taxes	478	-	-	478
HOA contribution	72,500	-	103,900	176,400
Special assessments	-	976,440	-	976,440
Interest income	1	4,014	-	4,015
Miscellaneous income	<u>3,120</u>	<u>-</u>	<u>-</u>	<u>3,120</u>
Total Revenues	<u>83,515</u>	<u>980,454</u>	<u>103,900</u>	<u>1,167,869</u>
EXPENDITURES				
General expenses:				
Accounting	13,680	-	-	13,680
Audit	4,700	-	-	4,700
Dues / subscriptions	-	-	-	-
Election expense	20	-	-	20
Office supplies	110	-	-	110
Insurance	4,955	-	-	4,955
Legal	28,991	-	-	28,991
Consulting	2,771	-	-	2,771
Meetings	86	-	-	86
Snow removal	37,167	-	-	37,167
Road repairs	-	-	-	-
Treasurers Fees	223	21,916	-	22,139
Debt service:				
Bond principal	-	521,256	-	521,256
Bond interest	-	434,181	-	434,181
Paying agent fees	-	2,000	-	2,000
Capital projects:				
Capital outlay	<u>-</u>	<u>-</u>	<u>28,379</u>	<u>28,379</u>
Total Expenditures	<u>92,703</u>	<u>979,353</u>	<u>28,379</u>	<u>1,100,435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(9,188)	1,101	75,521	67,434
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	<u>13,000</u>	<u>2,000</u>	<u>-</u>	<u>15,000</u>
Total Other Financing Sources (Uses)	<u>13,000</u>	<u>2,000</u>	<u>-</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES	3,812	3,101	75,521	82,434
FUND BALANCES:				
BEGINNING OF YEAR	<u>2,419</u>	<u>734,879</u>	<u>-</u>	<u>737,298</u>
END OF YEAR	<u>\$ 6,231</u>	<u>\$ 737,980</u>	<u>\$ 75,521</u>	<u>\$ 819,732</u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020

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

Net change in fund balances - Total governmental funds	\$	82,434
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay 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 lives of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.

Capital outlay	(28,379)
Depreciation expense	(386,586)

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

Bond principal payment	521,256
------------------------	---------

Some expenses 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 advances	(406,633)
Accrued interest on bonds payable	<u>3,410</u>

Change in Net Position of Governmental Activities	\$	<u>(214,498)</u>
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The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

December 31, 2020

ASSETS

CURRENT ASSETS

Cash and investments	\$ 11,845
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Total Current Assets	11,845
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CAPITAL ASSETS

Capital assets, not depreciated	1,376,000
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Capital assets, being depreciated	3,242,804
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Capital assets - accumulated depreciation	(1,622,194)
---	-------------

Total Capital Assets	2,996,610
----------------------	-----------

Total Assets	3,008,455
--------------	-----------

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2,565
------------------	-------

Total Current Liabilities	2,565
---------------------------	-------

NET POSITION

Net investment in capital assets	2,996,610
----------------------------------	-----------

Unrestricted	9,280
--------------	-------

Total Net Position	\$ 3,005,890
--------------------	--------------

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUND

For the Year Ended December 31, 2020

OPERATING REVENUES

Program revenue	\$ 12,807
Total Operating Revenues	<u>12,807</u>

OPERATING EXPENSES

Depreciation	163,030
Augmentation	4,350
Insurance	-
Legal	3,488
Utilities	9,223
Water operator services	19,004
Repairs and maintenance	4,004
Water testing	1,191
Water treatment	<u>713</u>
Total Operating Expenses	<u>205,003</u>

INCOME (LOSS) FROM OPERATIONS	<u>(192,196)</u>
-------------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

HOA contribution	12,500
Tap fees	27,360
Transfers to other funds	<u>(15,000)</u>
Total Nonoperating Revenues (Expenses)	<u>24,860</u>

NET INCOME - CHANGE IN NET POSITION	(167,336)
-------------------------------------	-----------

NET POSITION - BEGINNING OF YEAR	<u>3,173,226</u>
----------------------------------	------------------

NET POSITION - END OF YEAR	<u><u>\$ 3,005,890</u></u>
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The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 12,807
Payments to suppliers	<u>(43,218)</u>

Net Cash Provided (Required) by Operating Activities (30,411)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

HOA Contribution	12,500
Tap fees	27,360
Transfers to other funds	<u>(15,000)</u>

Net Cash Provided (Required) by Capital and Related Financing Activities 24,860

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (5,551)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 17,396

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 11,845

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES

Net income (loss) from operations \$ (192,196)

ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES

Depreciation 163,030

Changes in Assets and Liabilities:

Accounts payable (1,245)

Net Adjustments 161,785

NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES \$ (30,411)

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 7,416	\$ 7,416	\$ 7,416	\$ -
Ownership taxes	275	450	478	28
HOA contribution	107,500	72,500	72,500	-
Miscellaneous income	-	3,120	1	(3,119)
Total Revenues	<u>115,191</u>	<u>83,486</u>	<u>80,395</u>	<u>(3,091)</u>
EXPENDITURES				
Accounting	9,000	15,000	13,680	1,320
Audit	4,900	4,700	4,700	-
Dues / subscriptions	400	-	-	-
Election expense	350	19	-	19
Office supplies	305	355	110	245
Insurance	7,000	4,955	4,955	-
Legal	6,500	19,132	28,991	(9,859)
Consulting	2,500	27,263	2,771	24,492
Meetings	350	-	-	-
Snow removal	27,500	45,921	37,167	8,754
Road repairs	18,000	-	-	-
Treasurers Fees	222	223	223	-
Emergency Reserve	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>79,027</u>	<u>119,568</u>	<u>92,597</u>	<u>26,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,164	(36,082)	(12,202)	23,880
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	<u>(2,000)</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Total Other Financial Sources (Uses)	<u>(2,000)</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	34,164	(23,082)	798	23,880
FUND BALANCE:				
BEGINNING OF YEAR	<u>5,069</u>	<u>4,418</u>	<u>2,419</u>	<u>(1,999)</u>
END OF YEAR	<u>\$ 39,233</u>	<u>\$ (18,664)</u>	<u>\$ 3,217</u>	<u>\$ 21,881</u>

The notes to the financial statements are an integral part of these statements.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Alpine Mountain Ranch Metropolitan District, (“District”), located in Routt County, Colorado (“County”); conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 12, 2006, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the residents and taxpayers of the District. The District's primary revenues are HOA contributions and Special Assessments. The District is governed by an elected Board of Directors.

On February 4, 2011, the District authorized the creation of Alpine Mountain Ranch Metropolitan District, Special Improvement District No. 1 (the “SID”), for the purpose of financing, acquiring, constructing and installing certain infrastructure improvements. A special improvement district is not an independent governmental entity; rather it is a geographical division of the special district created for the purpose of financing costs of improvements and assessing the costs against the property specially benefiting from such improvements. Special improvement districts have no governing body, officers or governmental powers. The SID is included and presented as a blended component unit of the District, included in the debt service fund.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by GASB.

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

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

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 customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes and special assessments are recognized as revenues in the year for which they are collected.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

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

The District reports the following major proprietary funds:

Proprietary Fund - The Proprietary Fund accounts for the activities associated with providing water services to the property of the District.

The Proprietary Funds account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions. The District's proprietary fund consists of the Water Enterprise Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

In December 2020, the District amended its total appropriations in the General Fund from \$79,027 to \$99,005 primarily due to an increase in snow removal for the year. The District amended its total appropriations in the Capital Projects Fund from \$0 to \$55,000 due to capital outlay costs; in the Debt Service Fund from \$732,588 to \$1,034,619 primarily due to early redemption on the Series 2011 Bonds (see Note 4) and in the Proprietary Fund from \$45,400 to \$66,355 primarily due to increased expenses.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2020, the District incurred noncash activities of a developer contribution of capital assets.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Special Assessments

Special assessments are levied against the properties in the Special Improvement District No. 1 (the "SID") in order to repay the Series 2011 Bonds. Property owners have the option to pay the special assessment in full or in installments. The installments accrue interest at 9% per annum and are paid annually to the County treasurer which includes principal and interest commencing with tax year 2011 and continuing each year thereafter through 2030. The original Special Assessment amount was \$175,000 per lot on a total of 39 lots. As of 2020, four homeowners within the District have exercised their right to prepay in full the remaining balance of the Special Assessment attached to their lots. The lots have been subsequently released of the Special Assessment lien by the District.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Streets	20 years
Parks, equipment	20 years
Water system	20 years

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 County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Property owners within the boundaries of the District have been assessed \$7,880 for 2020. Since these taxes are not normally available to the District until 2021, they are classified as deferred income until 2021.

The District will incur ongoing operations and maintenance expenses associated with its continuing activities. Pursuant to the service plan, the District may impose an aggregate mill levy not permitted to exceed 55.0 mills (Gallagherized).

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of any bond premium or discount where applicable.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$2,800 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$737,980 is restricted for the payment of the debt service costs associated with the Special Assessment Revenue Bonds, Series 2011 (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$75,521 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements
December 31, 2020

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, except for construction in progress, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 95,707
Cash and investments - Restricted	<u>740,780</u>
Total	<u>\$ 836,487</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 781,180
Investments – UMB Bank	<u>55,307</u>
	<u>\$ 836,487</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. 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.

The District does not have a formal policy for deposits; however, it follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

As of December 31, 2020, the District had the following deposits:

<u>Deposits</u>	<u>Maturity</u>	<u>Fair Value</u>
Checking account	N/A	\$ 98,506
Money Market	30 Days	<u>737,981</u>
		<u>\$ 836,487</u>

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements December 31, 2020

Investments:

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the using the amortized cost method.

As of December 31, 2020, the District had the following investments:

MSILF Government Portfolio Fund

During 2020, the debt service money and a portion of the bond proceeds to be used for construction that was included in the trust accounts at UMB Bank ("UMB"), was invested in the MSILF Government Portfolio Fund. The portfolio is a money market fund and each share is equal to \$1.00. The fund is rated AAAM by Standard and Poor's. It invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 17 days or less. As of December 31, 2020, the District had \$55,480 invested in the Fund.

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

	Balance 01-01-20	Additions	Deletions	Balance 12-31-20
<u>Governmental Type Activities:</u>				
<u>Capital assets being depreciated:</u>				
Streets	\$ 7,849,937	\$ 28,379	\$ -	\$ 7,878,316
Parks, equipment	<u>2,790,155</u>	<u>-</u>	<u>-</u>	<u>2,790,155</u>
Total capital assets being depreciated:	10,640,092	28,379	-	10,668,471
Accumulated depreciation:				
Streets	(2,472,731)	(275,457)	-	(2,748,188)
Parks, equipment	<u>(1,255,568)</u>	<u>(139,508)</u>	<u>-</u>	<u>(1,395,076)</u>
Total accumulated depreciation	<u>(3,728,299)</u>	<u>(414,965)</u>	<u>-</u>	<u>(4,143,264)</u>
Net capital assets being depreciated:	<u>6,911,793</u>	<u>(386,586)</u>	<u>-</u>	<u>6,525,207</u>
Government type assets, net	<u>\$ 6,911,793</u>	<u>\$ (386,586)</u>	<u>\$ -</u>	<u>\$ 6,525,207</u>
<u>Business Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Water rights	\$ 1,376,000	\$ -	\$ -	\$ 1,376,000
Total capital assets not being depreciated:	<u>1,376,000</u>	<u>-</u>	<u>-</u>	<u>1,376,000</u>
<u>Capital assets being depreciated:</u>				
Water system	3,242,804	-	-	3,242,804
Total capital assets being depreciated:	<u>3,242,804</u>	<u>-</u>	<u>-</u>	<u>3,242,804</u>
Accumulated depreciation:				
Water system	<u>(1,459,164)</u>	<u>(163,030)</u>	<u>-</u>	<u>(1,622,194)</u>
Total accumulated depreciation	<u>(1,459,164)</u>	<u>(163,030)</u>	<u>-</u>	<u>(1,622,194)</u>
Net capital assets being depreciated:	<u>1,783,640</u>	<u>(163,030)</u>	<u>-</u>	<u>1,620,610</u>
Business type assets, net	<u>\$ 3,159,640</u>	<u>\$ (163,030)</u>	<u>\$ -</u>	<u>\$ 2,996,610</u>

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements
December 31, 2020

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Streets	\$ 275,457
Parks	<u>139,508</u>
Total depreciation expense - governmental activities	<u>\$ 414,965</u>
Business-type activities:	
Water	<u>\$ 163,030</u>
Total depreciation expense – business type activities	<u>\$ 163,030</u>

The District will retain all capital assets. The District is responsible for all maintenance and repair costs. The Homeowners' Association within the District has agreed to contribute funds as necessary in order to insure the District meets its responsibilities in maintaining the capital assets.

Note 4: Long Term Debt

The following is an analysis of changes in long-term debt for the government fund activity for the period ending December 31, 2020:

	Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020	Current Portion Due
<u>Governmental Funds:</u>					
<u>General Obligation Bonds</u>					
Special Assessment Revenue Bonds -					
Series 2011	\$ 4,824,232	\$ -	\$ 521,256	\$ 4,302,976	\$ 282,677
Total General Obligation Bonds	<u>4,824,232</u>	<u>-</u>	<u>521,256</u>	<u>4,302,976</u>	<u>282,677</u>
<u>Other - Developer Advances</u>					
Developer Advance - Facilities					
Acquisition	4,175,000	-	-	4,175,000	-
Total Other - Developer Advances	<u>4,175,000</u>	<u>-</u>	<u>-</u>	<u>4,175,000</u>	<u>-</u>
Total Long-term debt	<u>\$ 8,999,232</u>	<u>\$ -</u>	<u>\$ 521,256</u>	<u>\$ 8,477,976</u>	<u>\$ 282,677</u>

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements
December 31, 2020

A description of the long-term obligations as of December 31, 2020, is as follows:

Special Assessment Revenue Bonds, Series 2011 – On February 10, 2011, the District issued \$6,825,000 of Special Assessment Revenue Bonds, Series 2011 (“the Bonds”), dated February 10, 2011, for the purpose of financing the acquisition of public infrastructure specially benefiting property within the District. The bonds bear interest at the rate of 9%, payable semiannually on each June 1 and December 1, commencing on June 1, 2011. The bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2011.

The Bonds are payable solely from and to the extent of (a) the Special Assessments from the SID fund and (b) any other legally available moneys that the District determines to use for payment. The ad valorem property tax is not pledged to the payment of the Bonds and the Bond holders do not have any claim to such revenue.

The following is a summary of the annual long-term debt principal and interest requirements.

	Principal	Interest	Total
2021	\$ 282,677	\$ 387,268	\$ 669,945
2022	309,599	361,827	671,426
2023	336,521	333,963	670,484
2024	367,929	303,676	671,605
2025	399,338	270,562	669,900
2026 - 2030	2,606,912	744,249	3,351,161
	<u>\$ 4,302,976</u>	<u>\$ 2,401,545</u>	<u>\$ 6,704,521</u>

Note 5: 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 \$15,500,000. On November 2, 2010, the voters of the SID authorized use of special assessments to repay such debt. As of December 31, 2020, the District had remaining voted debt authorization of approximately \$8,675,000. However, per the District’s Service Plan, the District cannot issue debt in excess of \$11,000,000. Therefore, as of December 31, 2020, the District had remaining Service Plan Debt authorization of \$4,175,000.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements
December 31, 2020

Note 6: Related Party

Two members of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. One member is formerly associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 7: Commitments and Agreements

Infrastructure Acquisition and Reimbursement Agreement – On December 2, 2009, the District entered into an agreement with Alpine Mountain Ranch at Steamboat Springs, LLLP (“the Developer”) in which the Developer agrees to advance funds for the purpose of construction of infrastructure improvements. The District agrees to reimburse the Developer at 9% per annum simple interest for the advances subject to annual appropriation by the Board. On February 4, 2011, the District accepted \$13,865,081 in infrastructure from the Developer. The developer was paid \$5,869,000 from bond proceeds and contributed assets in the amount of \$3,821,081, the balance of \$4,175,000 will be reimbursed to the Developer as funds become available. As of December 31, 2020, the balance due to the developer was \$4,175,000 and the accrued interest totaled \$3,721,469. In 2021, the District refunding the Series 2011 Bonds and a portion of the proceeds was used to repay the developer.

Out of Service Water Agreement – On June 1, 2007, the District entered into an agreement with the Priest Creek Ranch Owners Association (the “Association”) located in Priest Creek Ranch, an area adjacent to the District’s boundaries. The District agrees to provide water service to the Association for \$7,500 per year. Commencing June 1, 2012, the fee is adjusted annually for the Consumer Price Index (“CPI”) not to exceed 3% per year until 47 homes of the 63 homes have been built. Once that occurs, the water charges will be reassessed.

Note 8: Interfund and Operating Transfers

The transfer of \$2,000 from the Enterprise Fund to Debt Service Fund was for the purpose of debt trustee fee payments (See Note 4). The transfer of \$13,000 from the Enterprise Fund to General Fund was for the purpose of operations and maintenance expenditures.

Note 9: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes a significant portion of its operations qualifies for this exclusion.

Alpine Mountain Ranch Metropolitan District

Notes to Financial Statements
December 31, 2020

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.

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.

On November 7, 2006, 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 Article X, Section 20 of the Colorado Constitution.

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 employees or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past four fiscal years.

Note 11: Subsequent Event

On July 22, 2021, the District authorized the issuance of \$3,424,000 Special Improvement District No. 1 Special Assessment Revenue Refunding Bonds Series 2021, (the "SID No. 1 2021 Bonds), and the issuance of \$4,175,000 Special Improvement District No. 2 Special Assessment Revenue Refunding Bonds Series 2021, (the "SID No. 2 2021 Bonds). Proceeds of the SID No. 1 2021 Bonds will be used to: (i) refund the SID No. 1 2011 Bonds; (ii) fund the SID No. 1 Reserve Fund to the amount of the SID No. 1 Required Reserve; and (iii) pay other costs incurred in connection with the issuance of the SID No. 1 2021 Bonds. Proceeds of the SID No. 2 2021 Bonds will be used to: (i) pay the costs of certain SID No. 2 Improvements; (ii) fund the SID No. 2 Reserve Fund to the amount of the SID No. 2 Required Reserve; and (iii) pay other costs incurred in connection with the issuance of the SID No. 2 2021 Bonds. The SID No. 1 Bonds are term bonds due on December 1, 2040, and bear interest at 4.00%, payable semiannually on each June 1 and December 1, commencing on December 1, 2021. The SID No. 2 Bonds are term bonds due on December 1, 2040, and bear interest at 4.00%, payable semiannually on each June 1 and December 1, commencing on December 1, 2022.

SUPPLEMENTAL INFORMATION

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Special assessments	\$ 730,588	\$ 976,440	\$ 976,440	\$ -
Interest income	<u>7,000</u>	<u>3,800</u>	<u>4,014</u>	<u>214</u>
Total Revenues	<u>737,588</u>	<u>980,240</u>	<u>980,454</u>	<u>214</u>
EXPENDITURES				
Bond principal	275,128	521,025	521,256	(231)
Bond interest	434,181	434,181	434,181	-
Paying agent fees	2,000	2,000	2,000	-
Treasurers Fees	21,279	21,916	21,916	-
Unrestricted	<u>-</u>	<u>55,497</u>	<u>-</u>	<u>55,497</u>
Total Expenditures	<u>732,588</u>	<u>1,034,619</u>	<u>979,353</u>	<u>55,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000	(54,379)	1,101	55,480
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	7,000	(52,379)	3,101	55,480
FUND BALANCE:				
BEGINNING OF YEAR	<u>734,879</u>	<u>734,879</u>	<u>734,879</u>	<u>-</u>
END OF YEAR	<u>\$ 741,879</u>	<u>\$ 682,500</u>	<u>\$ 737,980</u>	<u>\$ 55,480</u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
HOA contribution	\$ -	\$ 50,000	\$ 103,900	\$ 53,900
Total Revenues	<u>-</u>	<u>50,000</u>	<u>103,900</u>	<u>53,900</u>
EXPENDITURES				
Capital improvements	<u>-</u>	<u>50,000</u>	<u>28,379</u>	<u>21,621</u>
Total Expenditures	<u>-</u>	<u>50,000</u>	<u>28,379</u>	<u>21,621</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	75,521	75,521
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	-	5,000	75,521	70,521
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 75,521</u>	<u>\$ 65,521</u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - PROPRIETARY FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Program revenue	\$ 12,587	\$ 12,880	\$ 12,807	\$ (73)
Tap fees	12,000	27,360	27,360	-
HOA contribution	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Total Revenues	<u>37,087</u>	<u>52,740</u>	<u>52,667</u>	<u>(73)</u>
Expenditures:				
Augmentation	4,400	4,350	4,350	-
Insurance	3,000	-	-	-
Utilities	10,500	10,500	9,223	1,277
Water operator services	18,000	21,000	19,004	1,996
Repairs and maintenance - equipment	4,000	4,000	4,004	(4)
Water testing	1,500	1,500	1,191	309
Water treatment	2,500	2,000	713	1,287
Professional fees / water rights	<u>1,500</u>	<u>3,464</u>	<u>3,488</u>	<u>(24)</u>
Total Expenditures	<u>45,400</u>	<u>46,814</u>	<u>41,973</u>	<u>4,841</u>
Excess (Deficiency) of Revenues over Expenditures	(8,313)	5,926	10,694	(4,914)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total Other Financial Sources (Uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Excess (Deficiency) of revenues and other sources over expenditures and other uses	(8,313)	(9,074)	(4,306)	(4,914)
Funds available - beginning of year	<u>20,625</u>	<u>8,584</u>	<u>13,586</u>	<u>5,002</u>
Funds available - end of year	<u>\$ 12,312</u>	<u>\$ (490)</u>	<u>\$ 9,280</u>	<u>\$ 88</u>

Funds available at December 31, 2020 is computed as follows:

Current assets	\$ 11,845
Current liabilities	<u>(2,565)</u>
	<u>\$ 9,280</u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

**RECONCILIATION OF REVENUES AND EXPENDITURES
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended December 31, 2020

The following is a reconciliation of the budgetary basis, as presented, to generally accepted accounting principals (GAAP). The basis on which the financial statements were prepared.

<u>Revenue (budgetary basis)</u>	\$ <u>52,667</u>
Total revenue per statement of revenues, expenses and changes in funds available:	52,667
<u>Expenditures - (budgetary basis)</u>	<u>56,973</u>
Capital improvements	-
Depreciation	<u>163,030</u>
Total expenses per statement of revenues, expenses and changes in fund balance:	220,003
Changes in net position per statement of revenue, expenses and changes in net position:	\$ <u><u>(167,336)</u></u>

The notes to the financial statements are an integral part of these statements.

ALPINE MOUNTAIN RANCH METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2020

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property	Mills Levied		Total Property Tax		Percent Collected to Levied
	Tax Levy	General Fund	Debt Service	Levied	Collected	
2010	\$ 217,312	30.000	0.000	\$ 6,519	\$ 6,519	99.99%
2011	\$ 515,056	5.000	0.000	\$ 2,575	\$ 2,576	100.03%
2012	\$ 565,739	5.000	0.000	\$ 2,829	\$ 2,829	100.01%
2013	\$ 861,300	5.000	0.000	\$ 4,307	\$ 4,307	100.01%
2014	\$ 758,290	5.000	0.000	\$ 3,791	\$ 3,791	99.99%
2015	\$ 758,290	5.000	0.000	\$ 3,791	\$ 3,788	99.91%
2016	\$ 816,990	5.000	0.000	\$ 4,085	\$ 4,085	100.00%
2017	\$ 816,990	5.000	0.000	\$ 4,085	\$ 4,085	100.00%
2018	\$ 791,070	5.000	0.000	\$ 3,955	\$ 4,001	101.15%
2019	\$ 901,640	5.000	0.000	\$ 4,508	\$ 4,508	100.00%
2020	\$ 1,483,280	5.000	0.000	\$ 7,416	\$ 7,416	99.99%
Estimated for year ending December 31, 2021	\$ 1,576,080	5.000	0.000	\$ 7,880		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.