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## **BASE VILLAGE METRO DISTRICT NO. 2**

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**SNOWMASS, COLORADO**



### **FINANCIAL STATEMENTS**

**As of and for the 12-month period ended  
December 31, 2021**

## Table of Contents

STATEMENT OF NET POSITION .....	1
STATEMENT OF ACTIVITIES .....	2
BALANCE SHEET – GOVERNMENTAL FUNDS .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES .....	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	5
GENERAL FUND .....	6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL .....	<b>Error! Bookmark not defined.</b>
NOTES TO FINANCIAL STATEMENTS .....	7
SUPPLEMENTARY INFORMATION .....	21
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –BUDGET AND ACTUAL .....	<b>22</b>
DEBT SERVICE FUND – COLLECTION COST DETAILS – BUDGET AND ACTUAL .....	<b>23</b>
CONTRACTUAL OBLIGATIONS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL.....	<b>24</b>
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY .....	25
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED.....	26
OTHER SUPPLEMENTARY INFORMATION .....	27
CHANGE IN TOTAL OVERLAPPING MILL LEVY .....	28
HISTORICAL DEBT RATIOS .....	29

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Base Village Metro District No 2

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Base Village Metro District No 2 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Base Village Metro District No 2's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Base Village Metro District No 2 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Base Village Metro District No 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Base Village Metro District No 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Base Village Metro District No 2's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Base Village Metro District No 2's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Base Village Metro District No 2's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

BF Borgers CPA PC

BF Borgers CPA PC

Lakewood, Colorado

October 19, 2022

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ -
Cash and investments – restricted	1,598,958
Accounts receivable – specific ownership taxes	28
Accounts receivable - capital facility fees	131,496
Property taxes receivable	2,337,600
Prepaid expenses	6,828
<b>Total Assets</b>	<b>\$ 4,074,910</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 7,197
Accrued interest payable	4,962,551
Bond premium	46,636
Current portion of municipal bonds	385,000
General obligation refunding loans	43,835,000
<b>Total Liabilities</b>	<b>49,236,384</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	2,337,600
<b>NET POSITION (DEFICIT)</b>	
Restricted:	
Emergency reserves	-
Debt service	1,723,285
Contractual obligations	-
Non-spendable	6,828
Unassigned:	(49,229,187)
<b>Net Position (Deficit)</b>	<b>\$ (47,499,074)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**For the 12-Month Period Ended**  
**December 31, 2021**

Functions/Programs	Expenses	Charges For Services	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government:</b>					
<b>Government Activities:</b>					
General government activities	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and related costs on long-term debt	(3,043,787)	-	-	-	(3,043,787)
Contractual obligation activities	(42,269)	-	-	131,496	89,227
	<u>\$ (3,086,056)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,496</u>	<u>(2,954,560)</u>
<b>General Revenues</b>					
Property taxes					\$ 1,900,208
Specific ownership taxes					69,363
Net investment income					2,354
					<u>1,971,925</u>
					(982,635)
					<u>(46,516,439)</u>
					<u>\$ (47,499,074)</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2021**

	General Fund	Debt Service Fund	Contractual Obligations Fund	Total Government Funds
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Cash and investments - Restricted	-	1,598,958	-	1,598,958
Accounts receivable – spec ownership taxes	-	28	-	28
Accounts receivable - capital facility fees	-	131,496	-	131,496
Property taxes receivable	293,700	2,043,900	-	2,337,600
Prepaid expenses	-	6,828	-	6,828
<b>TOTAL ASSETS</b>	<b>\$ 293,700</b>	<b>\$ 3,781,210</b>	<b>\$ -</b>	<b>\$ 4,074,910</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 3,165	-	\$ 3,165
Accrued liabilities	-	4,032	-	4,032
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax revenue	293,700	2,043,900	-	2,337,600
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>293,700</b>	<b>2,051,097</b>	<b>-</b>	<b>2,344,797</b>
<b>FUND BALANCES</b>				
Restricted:				
Emergencies (TABOR)	-	-	-	-
Debt service	-	1,723,285	-	1,723,285
Contractual obligations	-	-	-	-
Non-spendable	-	6,828	-	6,828
Unrestricted	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>1,730,113</b>	<b>-</b>	<b>1,730,113</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 293,700</b>	<b>\$ 3,781,210</b>	<b>\$ -</b>	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(44,220,000)
Bond premium	(46,636)
Accrued interest payable	(4,962,551)
<b>Net position of governmental activities</b>	<b>\$ (47,499,074)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**12-Month Period Ended**  
**December 31, 2021**

	General Fund	Debt Service Fund	Contractual Obligations Fund	Total Government Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ 1,854,542	\$ 45,666	\$ 1,900,208
Specific ownership taxes	-	67,700	1,663	69,363
Net investment income	-	2,371	(17)	2,354
Capital contributions	-	131,496	-	131,496
<b>Total Revenues</b>	<b>-</b>	<b>2,056,109</b>	<b>47,312</b>	<b>2,103,421</b>
<b>EXPENDITURES</b>				
Direct and indirect collection costs	-	166,771	42,269	209,040
Debt service				
Bond interest – 2016A Series Bonds	-	1,763,313	-	1,763,313
Bond principal – 2016 Series Bonds	-	285,000	-	285,000
<b>Total expenditures</b>	<b>-</b>	<b>2,215,084</b>	<b>42,269</b>	<b>2,257,353</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>	<b>-</b>	<b>(158,975)</b>	<b>5,043</b>	<b>(153,932)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund Transfers In / (Out)	-	5,043	(5,043)	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>(153,932)</b>	<b>-</b>	<b>(153,932)</b>
<b>FIND BALANCES – BEGINNING</b>	<b>-</b>	<b>1,884,042</b>	<b>-</b>	<b>1,884,042</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ -</b>	<b>\$ 1,730,110</b>	<b>\$ -</b>	<b>\$ 1,730,110</b>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
12-Month Period Ended  
December 31, 2021**

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

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Net change in fund balances – Total government funds	\$	(153,932)
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The issuance of long-term debt (e.g., bonds) 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 net position.

Principal payment on bonds		285,000
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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.

Amortization of bond premium		2,767
Increase in accrued bond interest payable		(1,116,470)

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<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>(982,635)</b>
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These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-
Net investment income	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
General and administration	-	-	-
Other district expenses	-	-	-
Election expenses	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE – END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2021

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Base Village Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in December 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the Town of Snowmass Village (Town) on September 20, 2004 and amended and restated with Town approval on October 17, 2006. The District was established to provide financing for the design, acquisition, construction and installation of streets, transportation, drainage improvements, traffic and safety controls, fire protection, park and recreation facilities and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District.

The District's service area is located in Pitkin County, Colorado entirely within the boundaries of the Town and is comprised of approximately 30 acres of property comprised of (1) the Base Village Development (19 acres), (2) non-developable wetlands owned by the Town (9 acres) and (3) a 1.9-acre non-contiguous, undeveloped parcel located several hundred feet west of the Base Village Development adjacent to the Fanny Hill ski run. The general boundaries of the District are contiguous with Brush Road to the north, the Enclave to the south, the Faraway Subdivision to the east and Lichenhearth and unplatted land to the west.

The Base Village Development is located at the base of Snowmass at the bottom of the Fanny Hill and Assay Hill ski runs and at the base of the Assay Hill Chairlift, the Village Express Chairlift, the Elk Camp Gondola and the Sky Cab Gondola. Base Village is planned to contain a total of approximately 1,094,131 square feet of constructed space comprised of (1) approximately 637,572 square feet for approximately 504 condominium units, (2) approximately 47,518 square feet of commercial hotel space (containing approximately 102 hotel rooms), (3) approximately 22,069 square feet for approximately 28 employee housing units, (4) approximately 183,216 square feet of retail, restaurant and office space (which is excluded from the boundaries of the District and included in Base Village Metropolitan District No. 1 ("BVMD1")) and (5) approximately 203,756 square feet of common areas located in the various buildings. The Development also includes five underground parking garages totaling approximately 1,021 spaces.

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 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 organizations 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.

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

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

The significant accounting policies of the District are as follows:

## **Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the 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 property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows 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. 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.

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 major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt and related direct and indirect .

The Contractual Obligation Fund is used to account for financial resources expended on specific non-recurring contractual obligations.

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

## **Budgets**

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

## **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.

Investments are carried at fair value.

## **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 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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

## **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2021, the District's share of Specific ownership taxes was equal to approximately 3.6% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Capital Facility Fees**

On November 28, 2016, the District passed a resolution imposing a one-time Capital Facilities Fee on each Residential Unit which is payable to the District on the date each Residential Unit is sold by a Builder to an End User. The Capital

Facilities Fee is \$5,150 per constructed Residential Unit. Capital Facilities Fees are included in the definition of Senior Pledged Revenue and are pledged towards the repayment of the Series 2016A Senior Bonds. For the year ended December 31, 2021, Base Village Metro District No 1 collected \$131,496 in capital facility fees due and payable to the District.

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2021 are comprised of property taxes due from Pitkin County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

### **Bond Premiums**

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

### **Equity**

#### **Net Position**

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

#### **Fund Balance**

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: non-spendable, 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 a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- ***Restricted fund balance*** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- ***Committed fund balance*** – The portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by 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.

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

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

### NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ -
Cash and investments – restricted	1,598,958
<b>Total cash and investments</b>	<b>\$ 1,598,958</b>

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	\$ 46,891
Investments	1,552,067
<b>Total cash and investments</b>	<b>\$ 1,598,958</b>

#### 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 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, 2021, the District's cash deposits had a bank balance of \$48,158 and carrying balance of \$46,891.

#### Investments

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

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

- Obligations of the United States, certain U.S. government agency securities, and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District’s investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 8
Morgan Stanley Government Money Market Fund	Weighted Average Under 60 Days	1,552,059
		<b>\$ 1,552,067</b>

**CSAFE**

The District holds investments 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 operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. 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. No limitations exist on the District’s ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

## Morgan Stanley Government Money Market Fund

The debt service money that was included in the trust accounts at United Missouri Bank (UMB) was invested in the Morgan Stanley Government Money Market Fund. This portfolio is a money market mutual fund which invests primarily in short term U.S. Treasury securities and includes repurchase agreements collateralized by U.S. Treasury securities. The Morgan Stanley Government Money Market Fund is rated AAAM by Standard & Poor's.

## NOTE 4 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2021:

	<u>Balance at Dec. 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at Dec. 31, 2021</u>	<u>Due within one year</u>
Series 2016A G.O. Bonds	\$ 31,175,000	\$ -	(\$ 285,000)	\$ 30,890,000	\$ 385,000
Series 2016B G.O. Bonds	13,330,000	-	-	13,330,000	-
Accrued Interest – Series 2016B G.O. Bonds	3,846,081	1,116,470	-	4,962,551	-
Series 2016A Bond Premium	49,403	-	( 2,767)	46,636	-
<b>Total</b>	<b><u>\$ 48,400,484</u></b>	<b><u>\$1,116,470</u></b>	<b><u>(\$ 287,767)</u></b>	<b><u>\$ 49,229,187</u></b>	<b><u>\$ 385,000</u></b>

Details regarding the District's long-term obligations are as follows:

### Series 2016A Senior General Obligation Bonds

On December 22, 2016, the District issued \$31,260,000 General Obligation Limited Tax Refunding Bonds, Series 2016A ("Senior Bonds"). The Senior Bonds were issued as two term bonds that bear interest at 5.50% (on \$11,785,000 principal) and 5.75% (on \$19,475,000 principal), and are payable semi-annually on June 1 and December 1, beginning on December 1, 2017. Annual mandatory sinking fund principal payments are due on December 1, beginning on June 01, 2017. The Senior Bonds mature on December 01, 2046.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Facility Fees;
- d) all Capital Levy Revenue (from which Shortfalls shall be paid); and
- e) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Senior Required Mill Levy is defined as the mill levy necessary to generate sufficient property tax revenue during the year to (1) fully pay the annual principal and interest payment due on the Senior Bonds, (2) ensure the Senior Reserve Fund is replenished to \$654,168 (the Senior Reserve Requirement), and (3) the Surplus Fund is fully funded at the Maximum Surplus Amount. The Senior Required Mill Levy is either 37.5 mills or, if 37.5 mills combined with certain other revenue sources does not generate sufficient revenue to fully fund the annual principal and interest payment due on the Senior Bonds, 43.5 mills. The Senior Required Mill Levy is adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006 (the date the Service Plan was

approved by the Town). As of October 23, 2006, the ratio was 7.96%. The ratio for 2021 is 7.15%, which caused the Senior Required Mill Levy for 2021 to be either 41.748 mills or 48.428 mills.

Per Section 3.06 of the Senior Indenture of Trust, the District will be applying “Level B” Revenue to the Annual Debt Service Requirements in 2021. Level B Revenue consists of (1) property tax revenue generated from the Required Mill Levy of 41.748 mills net of any costs of collection, (2) related specific ownership tax revenue, (3) capital facility fee revenue and (4) amounts on deposit in the Surplus Fund in excess of \$1 million.

Amounts on deposit in the Senior Reserve Fund and in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Reserve Fund and the Senior Surplus Fund in accordance with the Senior Indenture up to the Senior Reserve Requirement and the Maximum Surplus Amount, respectively.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 01, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 01, 2021, to November 30, 2022	3.0%	\$ 937,800
December 01, 2022, to November 30, 2023	2.0%	\$ 625,200
December 01, 2023, to November 30, 2024	1.0%	\$ 312,600
December 01, 2024, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 385,000	\$ 1,747,637	\$ 2,132,637
2023	410,000	1,726,463	2,136,463
2024	475,000	1,703,912	2,178,912
2025	500,000	1,677,788	2,177,788
2026	570,000	1,650,287	2,220,287
2027 to 2031	3,640,000	7,727,838	11,367,838
2032 to 2036	5,435,000	6,540,387	11,975,387
2037 to 2041	7,780,000	4,768,473	12,548,473
2042 to 2046	11,695,000	2,178,101	13,873,101
<b>Total</b>	<b>\$30,890,000</b>	<b>\$ 29,720,886</b>	<b>\$ 60,610,886</b>

The District’s debt service schedule for its Series 2016A Senior Bonds is provided on page 25.

### Capital Pledge Agreement between the District and BVMD1

On December 22, 2016, the District entered into a Capital Pledge Agreement with BVMD1 by which BVMD1 has pledged Capital Levy Revenue to the District each year in an amount sufficient to ensure (1) the balance in the District’s surplus fund does not drop below \$1 million and (2) the District can pay the principal and interest payments due on the Series 2016A Bonds. BVMD1 has agreed to impose a capital levy each year in the number of mills necessary to produce the Capital Levy Revenue. However, the Capital Levy shall not exceed 43.5 mills, as adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006. The Capital

Levy Revenue includes the property tax revenue derived from the imposition of the Capital Levy plus specific ownership tax revenue allocable to such Capital Levy, less costs of collection.

As of December 31, 2021, the balance in the District’s surplus fund exceeded \$1 million and, therefore, BVMD1 did not contribute any Capital Levy Revenue to the District in 2021. Per the District’s 2022 budget, the balance in the surplus fund is expected to decline to \$1,001,932 by the end of 2022.

**Series 2016B Subordinate General Obligation Bonds**

On December 22, 2016, the District issued \$13,330,000 Subordinate General Obligation Limited Tax Refunding Bonds, Series 2016B (“Subordinate Bonds”). The Subordinate Bonds were issued at the rate of 6.500% per annum and are payable annually on December 15, beginning December 15, 2017, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2048. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Facility Fee Revenue (meaning any Capital Facility Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) any amounts released from the Senior Surplus Fund pursuant to the terms of the Senior Indenture; and
- e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 01, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2021, to December 14, 2022	3.0%	\$ 399,900
December 15, 2022, to December 14, 2023	2.0%	\$ 266,600
December 15, 2023, to December 14, 2024	1.0%	\$ 133,000
December 15, 2024, and thereafter	0.0%	\$ -

In the event any amount of principal or interest on the Subordinate Bonds remains unpaid on December 15, 2048, the Subordinate Bonds will be discharged and the bondholders will have no recourse against the District.

Payments toward interest and principal on the Subordinate Bonds can be made provided the Series 2018A Bonds are current and the Reserve Fund and Surplus Fund for the Series 2018A Bonds are fully funded. The District is required to impose the minimum required mill levy of 37.5 mills until the Subordinate Series 2018B Bonds are fully paid or discharged on December 15, 2048; however, only revenues resulting from the number of mills equal to 37.5 mills less the Senior Required Mill Levy are pledged to payment of the Subordinate Series 2018B Bonds.

The Subordinate Required Mill Levy is adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006. The Subordinate Required Mill Levy for 2021 is 0.000 mills (i.e. 41.748 mills less the Senior Required Mill Levy).

## Debt Authorization

### Debt Authorization – Service Plan

The District's Amended and Restated Service Plan, which was approved by the Town of Snowmass on October 23, 2006, authorizes the District to issue up to \$48.7 million in debt plus (i) the underwriting discount, insurance premium or credit enhancement charges, if any, (ii) the costs of issuance relating to the issuance of such bonds in one or more series, and (iii) the amount, if any, necessary to reimburse the any guarantors of such debt for any unreimbursed payments made pursuant to any pledge agreement, or payments made directly to Districts for payment of debt service on any such debt. The maximum allowed interest rate on bonds is 12% per annum.

The District's Amended and Restated Service Plan establishes a Maximum Overlapping Mill that limits the total mill levy the District is permitted to impose on taxable property within the District for the payment of debt and operations. The Maximum Overlapping Debt Mill Levy is 49.5 mills and is comprised of the total mill levies imposed by the District, BVMD1 and Snowmass General Improvement District No. 1 ("GID"). (No property is located within both the District and Base Village Metro District No. 1.) The Maximum Overlapping Debt Mill Levy is adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006. As of October 23, 2006, the ratio was 7.96%. The ratio for 2021 was 7.15%, which caused the Maximum Overlapping Mill Levy for 2021 to be 55.108.

<b>Entities subject to Maximum Overlapping Mill Levy restriction</b>	<b>2021 Mill Levy</b>
District – Debt mill levy	41.748
District – Operating mill levy	1.028
GID mill levy	6.000
<b>Collective mill levy</b>	<b>48.776</b>
Maximum mill levy	55.108
<b>(Over) / Under max mill levy</b>	<b>6.332</b>

As of December 31, 2021, total remaining debt issuance authorization under the District's Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 48,700,000
Less:	
2008 A&B Bonds	( 47,750,000)
2008D Subordinate Bonds	( 2,200,000)
<b>Unused, authorized debt issuance as of Dec. 31, 2021</b>	<b>\$ 598,000</b>

## Debt Authorization – TABOR

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov. 2004 Election	Authorized Nov. 2006 Election	Authorized Nov. 2007 Election	Total Voter- Authorized Debt
Street improvements	\$16,300,000	\$ 20,000,000	\$ 5,000,000	\$ 41,300,000
Park and recreational facilities	82,800,000	-	5,000,000	87,800,000
Public transportation system	3,300,000	6,000,000	30,000,000	39,300,000
Intergovernmental agreements	38,000,000	28,000,000	-	66,000,000
Operations and maintenance	3,750,000	-	-	3,750,000
Traffic and safety controls	300,000	-	1,500,000	1,800,000
Fire protection facilities	-	2,000,000	-	2,000,000
Mosquito control	100,000	-	-	100,000
Private contractual obligations	38,000,000	28,000,000	-	66,000,000
Mortgages, liens and encumbrances	38,000,000	-	-	38,000,000
<b>Subtotal</b>	<b>220,550,000</b>	<b>84,000,000</b>	<b>41,500,000</b>	<b>346,050,000</b>
Refunding of debt	38,000,000	28,000,000	41,500,000	107,500,000
<b>Total</b>	<b>\$258,550,000</b>	<b>\$ 112,000,000</b>	<b>\$ 83,000,000</b>	<b>\$ 453,550,000</b>

	Total Voter- Authorized Debt	Series 2008 A, B and D Bonds	Series 2011, 2013 and 2016 Bonds	Remaining Voter- Authorized Debt
Street improvements	\$41,300,000	( \$21,248,750)	\$ -	\$ 20,051,250
Park and recreational facilities	87,800,000	( 3,342,500)	-	84,457,500
Public transportation system	39,300,000	( 24,165,000)	-	15,135,000
Intergovernmental agreements	66,000,000	-	-	66,000,000
Operations and maintenance	3,750,000	-	-	3,750,000
Traffic and safety controls	1,800,000	-	-	1,800,000
Fire protection facilities	2,000,000	( 1,193,750)	-	806,250
Mosquito control	100,000	-	-	100,000
Private contractual obligations	66,000,000	-	-	66,000,000
Mortgages, liens and encumbrances	38,000,000	-	-	38,000,000
<b>Subtotal</b>	<b>346,050,000</b>	<b>( 49,950,000)</b>	<b>-</b>	<b>296,100,000</b>
Refunding of debt	107,500,000	-	-	107,500,000
<b>Total</b>	<b>\$453,550,000</b>	<b>(\$ 49,950,000)</b>	<b>\$ -</b>	<b>\$ 403,600,000</b>

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District's electors will expire as follows:

- \$235,607,500 will expire in November 2024 - 20 years after the original debt authorization election.
- \$99,857,500 will expire in November 2026 - 20 years after the original debt authorization election.
- \$68,135,000 will expire in November 2026 - 20 years after the original debt authorization election.

## **NOTE 5 – NET POSITION (DEFICIT)**

### **Non-Spendable Net Position**

The District's non-spendable net position as of December 31, 2021 in the general fund, debt service fund, and contractual obligation fund totaled \$0, \$6,828, and \$0, respectively.

### **Restricted Net Position**

The District's restricted net position as of December 31, 2021 in the general fund, debt service fund, and contractual obligation fund totaled \$0, \$1,591,789, and \$0 respectively. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2016 Bonds.

### **Unassigned Net Position**

The District's unassigned net position as of December 31, 2021 totaled (\$49,229,187). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the Town.

## **NOTE 6 – AGREEMENTS**

### **Intergovernmental Agreement with BVMD1**

BVMD1 owns and operates certain public facilities within the boundaries of the District (i.e. conference center, transit center and parking garage) and generates fee revenue from operating these public facilities. Fee revenue generated by BVMD1 from operating these public facilities has historically not been sufficient to cover the costs of operating and maintaining such facilities within the District.

On November 28, 2016, the District and BVMD1 entered into an Operations, Maintenance and Administrative Service Agreement (2016 OMA Agreement). Per the OMA Agreement:

- BVMD1 provides all operating and administrative functions for the District;
- BVMD1 commits to generating property tax revenue to fund its operations and services with a mill levy of no less than 43.5 mills (Minimum BVMD1 Mill Levy). Because all real property within BVMD1 is commercial property, the Minimum BVMD1 Mill Levy is not adjusted annually for any changes in the ratio of taxable valuation to assessed valuation of real residential property.
- The District commits to levying a general fund mill levy that is sufficient to cover BVMD1's expenses net of property tax revenue generated from the Minimum BVMD1 Mill Levy and fee revenue generated from the operation of public facilities owned by BVMD1. The mill levy under this commitment cannot be adjusted to exceed the TABOR Imposed General Fund Mill Levy Maximum (which is 6 mills);
- The District's commitment to provide funding to BVMD1 terminates when BVMD1's revenues exceeds its expenditures;
- BVMD1 is committed to continue operating the public facilities located within the District and providing operating and administrative functions for the District after the District's funding commitment to BVMD1 is terminated.

Historic funding by the District to BVMD1 under this IGA is as follows:

	<b>2016 to 2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Gross revenue – BVMD1 (Note A)	\$2,016,129	\$1,031,929	\$ 941,884	\$ 931,400	\$4,921,342
BV Metro 1 expenditures	(3,100,228)	(1,163,785)	(1,088,367)	(1,127,400)	(6,479,780)
<b>BVMD1 net (expense)/revenue</b>	<b>(1,084,099)</b>	<b>( 131,856)</b>	<b>( 146,483)</b>	<b>( 196,000)</b>	<b>(1,558,438)</b>
Ineligible costs	538,037	-	-	-	538,037
District funding provided to BVMD1	629,559	215,987	247,900	-	1,093,446
<b>Funds provided to BVMD1 in excess (deficient) of IGA funding commitment</b>	<b>\$ 83,497</b>	<b>\$ 84,131</b>	<b>\$ 101,417</b>	<b>(\$ 196,000)</b>	<b>\$ 73,045</b>

As of December 31, 2021, cumulative overpayments to BVMD1 under the IGA is \$73,045.

Per the Series 2016A and B Bond Indenture of Trust, once the District is no longer obligated to transfer revenue generated by the 6 mills to BVMD1, the District has committed to continue assessing the 6 mills and pledging all revenue generated from this mill levy to funding the repayment of the District’s Series 2016A and B Bonds.

#### **Intergovernmental Agreement with GID**

On September 30, 2006, the District and the GID entered into an intergovernmental agreement (“Mill Levy IGA”) to ensure the District complies with the Maximum Overlapping Mill Levy restriction established in the District’s service plan. Pursuant to the Mill Levy IGA, the cumulative mill levies imposed by the District and the GID will not exceed 49.500 mills annually (55.108 mills as adjusted). The District is committed to levying up to 37.500 mills (41.748 mills as adjusted) to fund the repayment of the District’s debt and levying 6.000 mills (6.680 mills as adjusted) to fund the District’s operations. The GID is permitted to levy no more than 10.000 mills (11.133 mills as adjusted) to fund the GID’s operations and maintenance expenses.

#### **NOTE 7 – RELATED PARTIES**

For the 12-month period ended December 31, 2021, the District’s sole director reported no conflicts of interest arising from his participation on the District’s board.

Two agreements between the District and BVMD1 - the 2016 OMA Agreement and the 2016 Capital Pledge Agreement – were originally entered into when all directors serving on the District’s board were also serving on BVMD1’s board at the same time.

#### **NOTE 8 – RISK MANAGEMENT**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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 workers 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 9 – 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.

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.

On November 7, 2006, District voters authorized the District to assess property taxes up to a maximum annual amount of \$813,815 and a mill levy not to exceed 6 mills, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

## **NOTE 10 – LITIGATION**

On December 1, 2017, the District commenced a civil action in the District Court for Pitkin County, Colorado captioned *Base Village Metropolitan District No. 2 v. The Related Companies, L.P., et al.*, No. 2017CV030137. The Complaint seeks to recover monetary damages and other relief from certain development entities and consultants based on allegations of securities fraud, breach of fiduciary duty, conspiracy, and other causes of action related to certain transactions related to the issuance and refinancing of the District's long-term debt in 2013 and 2016.

On July 28, 2020, the Court entered judgment in favor of one of the defendants, Hypo Real Estate Capital Corp. ("Hypo"), and against the District as to the District's claims against Hypo. In connection with the entry of judgment, the District entered into a stipulated agreement with Hypo to pay certain costs and attorney fees in the sum of \$40,000.00 on or before April 15, 2021, or \$100,000 if paid thereafter. The sum of \$40,000.00 was paid by the District during 2021, and therefore this obligation has been satisfied. The Court also referred certain claims to arbitration and has dismissed certain claims against some of the other defendants. The action remains pending at this time against the remaining defendants.

Because the District is seeking damages against Defendants which have not asserted claims against the District, there is not a substantial risk that the District would be required to pay any monetary damages. However, the District may be liable for costs and attorney fees in the event they do not prevail. Although litigation such as this is inherently unpredictable, in our professional judgment it is more likely than not that the District will recover more than any probable exposure to costs or attorney fees.

**SUPPLEMENTARY INFORMATION**

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 1,856,000	\$ 1,854,542	\$ (1,458)
Specific ownership taxes	65,000	67,700	2,700
Net investment income	27,900	2,371	(25,529)
Capital contributions	103,000	131,496	28,496
<b>Total Revenues</b>	<u>2,051,900</u>	<u>2,056,109</u>	<u>4,209</u>
<b>EXPENDITURES</b>			
Direct and indirect collection costs	169,187	166,771	2,416
Debt service			
Bond interest – 2016A Series Bonds	1,763,313	1,763,313	-
Bond principal – 2016 Series Bonds	285,000	285,000	-
<b>Total Expenditures</b>	<u>2,217,500</u>	<u>2,215,084</u>	<u>2,416</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(165,600)</u>	<u>(158,975)</u>	<u>6,625</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	5,043	5,043
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>5,043</u>	<u>5,043</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(165,600)</u>	<u>(153,932)</u>	<u>11,668</u>
<b>FUND BALANCE – BEGINNING</b>	<u>1,898,300</u>	<u>1,884,042</u>	<u>(14,258)</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 1,732,700</u>	<u>\$ 1,730,110</u>	<u>\$ (2,590)</u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**COLLECTION COST DETAILS - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>			
District management and accounting fees	\$ 28,400	\$ 28,400	\$ -
Administrative costs	3,287	20,118	(16,831)
Audit fees	6,000	5,940	60
Collection fees – County Treasurer	92,800	92,011	789
Board of Directors’ fees	-	-	-
Board training and conferences	-	-	-
Insurance	2,600	2,590	10
Legal fees	30,000	11,612	18,388
Bond paying agent fees	6,100	6,100	-
<b>Total Direct and Indirect Collection Costs</b>	<b>\$ 169,187</b>	<b>\$ 166,771</b>	<b>\$ 2,416</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**CONTRACTUAL OBLIGATIONS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 45,700	\$ 45,666	\$ (34)
Specific ownership taxes	1,600	1,663	63
Net investment income	-	(17)	(17)
<b>Total Revenues</b>	<u>47,300</u>	<u>47,312</u>	<u>12</u>
<b>EXPENDITURES</b>			
General and administrative fees	47,300	42,269	5,031
Capital projects			
Major capital projects	-	-	-
<b>Total Expenditures</b>	<u>47,300</u>	<u>42,269</u>	<u>5,031</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>5,043</u>	<u>5,043</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Fund transfers In (out)	-	(5,043)	(5,043)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(5,043)</u>	<u>(5,043)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
December 31, 2021

The District's repayment schedule for its Series 2016A general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
<b>2022</b>	\$ 385,000	\$ 1,747,637	5.50% – 5.75%	\$ 2,132,637
<b>2023</b>	410,000	1,726,463	5.50% – 5.75%	2,136,463
<b>2024</b>	475,000	1,703,912	5.50% – 5.75%	2,178,912
<b>2025</b>	500,000	1,677,788	5.50% – 5.75%	2,177,788
<b>2026</b>	570,000	1,650,287	5.50% – 5.75%	2,220,287
<b>2027</b>	600,000	1,618,938	5.50% – 5.75%	2,218,938
<b>2028</b>	680,000	1,585,937	5.50% – 5.75%	2,265,937
<b>2029</b>	715,000	1,548,538	5.50% – 5.75%	2,263,538
<b>2030</b>	800,000	1,509,213	5.50% – 5.75%	2,309,213
<b>2031</b>	845,000	1,465,212	5.50% – 5.75%	2,310,212
<b>2032</b>	940,000	1,418,738	5.50% – 5.75%	2,358,738
<b>2033</b>	990,000	1,367,037	5.50% – 5.75%	2,357,037
<b>2034</b>	1,090,000	1,312,587	5.50% – 5.75%	2,402,587
<b>2035</b>	1,150,000	1,252,637	5.50% – 5.75%	2,402,637
<b>2036</b>	1,265,000	1,189,388	5.50% – 5.75%	2,454,388
<b>2037</b>	1,330,000	1,119,812	5.75%	2,449,812
<b>2038</b>	1,455,000	1,043,338	5.75%	2,498,338
<b>2039</b>	1,540,000	959,674	5.75%	2,499,674
<b>2040</b>	1,680,000	871,125	5.75%	2,551,125
<b>2041</b>	1,775,000	774,524	5.75%	2,549,524
<b>2042</b>	1,930,000	672,462	5.75%	2,602,462
<b>2043</b>	2,040,000	561,488	5.75%	2,601,488
<b>2044</b>	2,210,000	444,188	5.75%	2,654,188
<b>2045</b>	2,335,000	317,113	5.75%	2,652,113
<b>2046</b>	3,180,000	182,850	5.75%	3,362,850
	<u>\$ 30,890,000</u>	<u>\$29,720,886</u>		<u>\$ 60,610,886</u>

The original face value of the Series 2016A Senior Bonds totaled \$31,260,000. Interest is payable each year on June 1<sup>st</sup> and December 1<sup>st</sup>, and principal payments are due each year on December 1<sup>st</sup>.

No debt-to-maturity schedule is provided for the Series 2016B Subordinate Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay these bonds.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2018	\$ 32,332,190	6.000	39.606	\$1,475,200	\$1,474,564	99.9%
2019	36,423,750	6.000	39.606	1,661,100	1,661,137	100.0%
2020	41,864,650	6.000	39.883	1,920,900	1,919,380	99.9%
2021	44,457,740	1.028	41.748	1,901,700	1,900,208	100.0%
2022	48,958,180	6.000	41.748	2,337,600	[TBD]	[TBD]

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

## OTHER SUPPLEMENTARY INFORMATION

BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2021

	2022 Mill Levy *	2021 Mill Levy**	Change
Base Village Metropolitan District No. 2	47.748	42.776	4.972
Snowmass- Wildcat Fire Protection District	9.602	10.080	(0.478)
Aspen School District	8.816	8.844	(0.028)
Pitkin County	7.534	7.657	(0.123)
Town of Snowmass	7.346	7.566	(0.220)
Town of Snowmass Village General Imp. District	6.004	6.004	-
Snowmass Water and Sanitation District	5.827	5.999	(0.172)
Colorado Mountain College	4.013	4.013	-
Roaring Fork Transportation District	2.650	2.650	-
Aspen Valley Hospital District	2.350	2.297	0.053
Pitkin County Library District	1.378	1.436	(0.058)
Colorado River Water Conservation District	0.501	0.502	(0.001)
Aspen Historic Park & Recreation District	0.300	0.300	-
<b>Total Mill Levy</b>	<b>104.069</b>	<b>100.124</b>	<b>3.945</b>

\* -- For property tax collections in 2022

\*\* -- For property tax collections in 2021

BASE VILLAGE METROPOLITAN DISTRICT NO. 2

**HISTORICAL DEBT RATIOS**

December 31, 2021

	2017	2018	2019	2020	2021
<b>General Obligation Bonds</b>	\$ 44,590,000	\$ 44,590,000	\$ 44,590,000	\$ 44,505,000	\$ 44,220,000
<b>Accrued, unpaid interest - Bonds</b>	1,065,201	1,961,410	2,827,861	3,846,081	4,962,551
<b>Other TABOR debt</b>	-	-	-	-	-
<b>Combined assessed property values within the District</b>	32,332,190	36,423,750	41,864,650	44,457,740	48,958,180
<b>Ratio of debt to assessed property values</b>	141.2%	127.8%	113.3%	108.8%	100.5%