



**Eagle-Vail Metropolitan District
Eagle County, Colorado
December 31, 2022**

**Eagle-Vail Metropolitan District
Financial Report
December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Eagle-Vail Metropolitan District**

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eagle-Vail Metropolitan District (the "District"), as of and for the year ended December 31, 2022, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The District adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, as detailed in Note V.D to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, 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.

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparisons, Schedule of Bonds Payable to Maturity, and History of Assessed Valuation, Mill Levy, and Property Taxes Collected, found in Section F, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The items found in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Eagle-Vail Metropolitan District

Management's Discussion and Analysis December 31, 2022

As management of the Eagle-Vail Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and parks and recreation. The business-type activities of the District are the operations of the golf course and water services.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Overview of the Financial Statements (continued)

Governmental funds (continued): Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Proprietary funds: Historically the District has maintained two proprietary funds; the Recreation Fund and the Water Fund. The District used the Recreation Fund to account for its golf course operations and the Water Fund to account for water tap fees. At the end of 2009 the District discontinued both proprietary funds and beginning in 2010 all activity is intended to be accounted for in the governmental funds.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D19 of this report.

Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements for the years ended December 31, 2022 and 2021.

Eagle Vail Metropolitan District's Net Position

	Governmental Activities	
	2022	(Restated) 2021
Assets:		
Current and other assets	\$ 10,035,450	\$ 9,071,619
Capital assets	11,792,891	11,657,380
Total Assets	21,828,341	20,728,999
Deferred Outflows of Resources:		
Deferred charge on refunding	103,835	111,823
Total Deferred Outflows of Resources:	103,835	111,823
Liabilities:		
Long-term liabilities	4,309,814	4,644,358
Other liabilities	590,981	408,295
Total Liabilities	4,900,795	5,052,653
Deferred Inflows:		
Unavailable property tax	2,007,365	1,892,984
Total Deferred Inflows of Resources	2,007,365	1,892,984
Net Position:		
Net Investment in capital assets	7,302,264	6,880,020
Restricted for emergencies	160,206	140,743
Restricted for debt service	131,564	121,218
Restricted for streets, safety protection, and transportation	844,552	536,844
Unrestricted	6,585,430	6,216,360
Total Net Assets	\$ 15,024,016	\$ 13,895,185

Government-wide Financial Analysis (continued)

Eagle Vail Metropolitan District's Change in Net Position

	Governmental Activities	
	2022	(Restated) 2021
Revenues:		
Program revenues:		
Charges for services	\$ 3,297,695	\$ 3,046,442
Grants and contributions	313,583	18,625
General revenues:		
Property Taxes	1,891,123	1,900,021
Other taxes	700,813	678,755
Interest and other revenue	427,109	91,138
Total Revenues	<u>6,630,323</u>	<u>5,734,981</u>
Expenses:		
General government	685,313	646,229
Parks and recreation	4,658,386	3,372,958
Interest on long-term debt	157,793	167,675
Total Expenses	<u>5,501,492</u>	<u>4,186,862</u>
Change in Net Position	1,128,831	1,548,119
Net Position - Beginning	13,895,185	12,347,066
Net Position - Ending	<u>\$ 15,024,016</u>	<u>\$ 13,895,185</u>

Overall Financial Analysis

The District's overall financial position, as measured by net position, increased from \$13,895,185 at the end of 2021 to \$15,024,016 at the end of 2022. The increase in net position is primarily the result of increased revenues from charges for services and sales taxes and lower operating expense for parks and recreation.

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,763,125, an increase of \$678,773 from the prior year. The increase is the result of an operating surplus at the end of 2022. Of this fund balance, \$163,321 is non-spendable because it represents funds already expended for next year's operations, \$160,206 is restricted for emergencies, \$131,564 is restricted for debt service, \$844,552 is restricted for streets, safety protection, and transportation, \$2,504,819 is assigned as an operating reserve and \$3,958,663 is assigned for capital improvements.

Financial Analysis of the District's Funds (continued)

Budget variances: Details of budget variances can be seen on pages E1, F1, and F2 of this report. The most significant budget variances were favorable interest revenues, golf club expenditures, and capital outlay. The most significant unfavorable budget variances were capital grants and golf club revenues and minor unfavorable variances occurred in golf pro shop and swim club expenditures.

Capital assets: The District had \$898,078 in capital asset additions during 2022. These expenditures were primarily equipment purchases and creek improvements. Depreciation and amortization expense of \$762,578 was recognized in 2022. Additional information as well as a schedule of the District's net capital assets can be found in the Notes to the Financial Statements on page D12 of this report.

Long-term debt: The District reduced its outstanding long-term debt balance by \$321,871, bringing the 2022 year-end balance to \$4,622,360. Additional information can be found in the Notes to the Financial Statements on pages D13 and D14 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eagle-Vail Metropolitan District, c/o Marchetti & Weaver, LLC., 28 Second Street, Suite 213, Edwards, CO 81632, telephone (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Eagle-Vail Metropolitan District
Statement of Net Position
December 31, 2022

	Governmental Activities
Assets:	
Cash, cash equivalents, and investments	7,453,926
Receivables, net:	
Accounts	399,464
Unavailable property tax	2,007,365
Due from County Treasurer	7,442
Deposits	3,932
Prepaid expense	95,127
Inventory	68,194
Capital assets, net	11,792,891
Total Assets	21,828,341
Deferred Outflows of Resources:	
Deferred charge on refunding	103,835
Total Deferred Outflows of Resources:	103,835
Liabilities:	
Accounts payable	204,314
Accrued interest payable	13,475
Advance deposits	60,646
Due within one year:	
Operating lease payable	37,546
Bonds payable	275,000
Due beyond one year:	
Operating lease payable	3,827
Bonds payable	4,305,987
Total Liabilities	4,900,795
Deferred Inflows of Resources:	
Unavailable property tax	2,007,365
Total Deferred Inflows of Resources	2,007,365
Net Position:	
Net investment in capital assets	7,302,264
Restricted for emergencies	160,206
Restricted for debt service	131,564
Restricted for other purposes	844,552
Unrestricted	6,585,430
Total Net Position	15,024,016

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

Eagle-Vail Metropolitan District
Statement of Activities
For the Year Ended December 31, 2022

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental Activities:					
General government	685,313	-	-	290,888	(394,425)
Parks and recreation	4,658,386	3,297,695	-	22,695	(1,337,996)
Interest on long-term debt	157,793	-	-	-	(157,793)
Total Governmental Activities	<u>5,501,492</u>	<u>3,297,695</u>	<u>-</u>	<u>313,583</u>	<u>(1,890,214)</u>
General revenues:					
Taxes:					
Property tax, levied for general purposes					1,891,123
Specific ownership tax					102,173
Sales tax					598,640
Investment earnings					129,220
Gain on sale of assets					221,250
Miscellaneous					76,639
Total general revenues, special items, and transfers					<u>3,019,045</u>
Change in Net Position					1,128,831
Net Position - Beginning (restated)					<u>13,895,185</u>
Net Position - Ending					<u>15,024,016</u>

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

FUND FINANCIAL STATEMENTS

**Eagle-Vail Metropolitan District
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2022**

	General Fund	Debt Service Fund	Sales Tax Fund	Total Governmental Funds
Assets:				
Cash, cash equivalents, and investments	6,582,323	129,852	741,751	7,453,926
Due from County Treasurer	5,730	1,712	-	7,442
Accounts receivable, net	296,663	-	102,801	399,464
Unavailable property tax	1,570,723	436,642	-	2,007,365
Deposits	3,932	-	-	3,932
Prepaid expenses	95,127	-	-	95,127
Inventory	68,194	-	-	68,194
Total Assets	8,622,692	568,206	844,552	10,035,450
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	204,314	-	-	204,314
Advanced deposits	60,646	-	-	60,646
Total Liabilities	264,960	-	-	264,960
Deferred Inflows of Resources:				
Unavailable revenue - property tax	1,570,723	436,642	-	2,007,365
Total Deferred Inflows of Resources	1,570,723	436,642	-	2,007,365
Fund Balances:				
Nonspendable	163,321	-	-	163,321
Restricted for TABOR reserve	160,206	-	-	160,206
Restricted for debt service	-	131,564	-	131,564
Restricted for streets, safety protection, and transportation	-	-	844,552	844,552
Assigned for capital improvement	3,958,663	-	-	3,958,663
Assigned for future operations	2,504,819	-	-	2,504,819
Total Fund Balances	6,787,009	131,564	844,552	7,763,125
Total Liabilities, Deferred Inflows of Resources and Fund Balances	8,622,692	568,206	844,552	

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

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

Capital assets	25,581,500	
Accumulated depreciation and amortization	(13,788,609)	
		11,792,891

Deferred outflows are not available for current period expenditures and therefore, are not reported in the funds. This represents the District's deferred charges on refunding. 103,835

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

Bonds payable	(4,580,987)	
Operating leases payable	(41,373)	
Accrued interest	(13,475)	
		(4,635,835)

Net Position of Governmental Activities **15,024,016**

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

Eagle-Vail Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sales Tax Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Property tax	1,456,165	434,958	-	1,891,123
Specific ownership tax	78,673	23,500	-	102,173
Capital grants and contributions	290,888	-	-	290,888
Sales tax	-	-	598,640	598,640
Lottery proceeds	22,695	-	-	22,695
Interest	117,432	-	11,788	129,220
Charges for services:				
Employee Housing	33,916	-	-	33,916
Golf club	2,035,047	-	-	2,035,047
Golf pro shop	501,879	-	-	501,879
Restaurant	425,391	-	-	425,391
Swim club	190,644	-	-	190,644
Tennis	27,999	-	-	27,999
Pavilion	82,819	-	-	82,819
Miscellaneous	76,639	-	-	76,639
Total Revenues	<u>5,340,187</u>	<u>458,458</u>	<u>610,428</u>	<u>6,409,073</u>
Expenditures:				
General and administrative	671,851	13,462	-	685,313
Other expenditures:				
Employee Housing	14,708	-	-	14,708
Golf club	1,509,007	-	-	1,509,007
Golf pro shop	290,849	-	-	290,849
Restaurant	342,068	-	-	342,068
Swim club	246,581	-	-	246,581
Pavilion	118,882	-	-	118,882
Tennis club	13,243	-	-	13,243
Parks	148,946	-	-	148,946
Miscellaneous	5,160	-	-	5,160
Shuttle service	-	-	56,696	56,696
Snow plowing and other operating	-	-	68,664	68,664
Capital outlay	1,610,652	-	147,191	1,757,843
Lease expenditures	37,690	-	-	37,690
Debt service:				
Principal	-	265,000	-	265,000
Interest	-	169,650	-	169,650
Total Expenditures	<u>5,009,637</u>	<u>448,112</u>	<u>272,551</u>	<u>5,730,300</u>
Other Financing Sources (Uses):				
Interfund transfer	30,169	-	(30,169)	-
Total Other Financing Sources (Uses)	<u>30,169</u>	<u>-</u>	<u>(30,169)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	360,719	10,346	307,708	678,773
Fund Balances - Beginning	6,426,290	121,218	536,844	7,084,352
Fund Balances - Ending	<u>6,787,009</u>	<u>131,564</u>	<u>844,552</u>	<u>7,763,125</u>

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

Eagle-Vail Metropolitan District
Reconciliation of Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

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

Net Change in Fund Balances of Governmental Funds	678,773
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.

Capital outlays	676,838	
Depreciation and expense	<u>(762,577)</u>	(85,739)

The net effect of various transactions involving capital assets (i.e. sales and trade-ins) is to increase (decrease) net position.	221,250
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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 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal on bonds	265,000	
Repayment of principal on operating leases	34,874	
Amortization of bond premium	14,010	
Change in accrued interest	<u>663</u>	<u>314,547</u>

Change in Net Position of Governmental Activities	<u><u>1,128,831</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022**

I. Summary of Significant Accounting Policies

Eagle-Vail Metropolitan District (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide services for fire protection, water distribution, and parks and recreation facilities to its constituents. The District is located in Eagle County, Colorado.

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

A. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

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

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

B. Government-wide and Fund Financial Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the District’s activities are governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in four parts—invested in capital assets, net of related debt, restricted for emergencies, restricted for debt service, and unrestricted net position. The government-wide focus is on the sustainability of the District as an entity and the change in the District’s net position resulting from the current year’s activities.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

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

The District reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs.

The Sales Tax Fund is used for the purposes of financing, constructing, operating and maintaining streets, transportation, and safety protection improvements from sales tax collections.

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Inventories and Prepaid Expenses

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid expenses are amounts paid in the current year for expenses related to next year.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to/from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

6. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Measurement of intangible right-to-use assets is discussed in Note I.D.6. Donated capital assets are recorded at acquisition value at the date of donation.

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure, buildings, and improvements	5 - 40
Equipment and vehicles	4 - 10

7. Leases

The District is lessee in non-cancellable leases equipment, as further described in Note III.C.4. In such arrangements, the District recognizes right-to-use lease assets (and corresponding lease liabilities) with an initial, individual value of \$5,000 or more. Right-to-use lease assets and lease liabilities are reported on the Statement of Net Position.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Leases (continued)

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: The County uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the County uses the County's Moody's rating as published in Moody's *Market Outlook – Operating Lease and Pension Interest Rates*.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments. If lease payments are subject to annual Consumer Price Index ("CPI") adjustments, and such variable payments are recognized as an expense when the estimated CPI adjustment differs from fixed payments initially used to measure the liability.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for "deferred outflows of resources." Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District reports deferred bond refunding charges as a deferred outflow of resources on its Statement of Net Position as the difference between the reacquisition price and the net carrying amount of the defeased debt. The deferred charge is amortized over the life of the refunding bonds, and the amortization is included in interest expense.

In addition to liabilities, the statement of financial position will sometimes report a separate section for "deferred inflows of resources." Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The District reports unavailable property tax as deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Categories and Classifications of Fund Balance

The District classifies governmental fund balances as follows:

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

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

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

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

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

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

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management calculates targets and reports them annually to the Board of Directors.

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado statutes, the District followed the following time table in approving and enacting a budget for the ensuing year:

- (1) For the 2022 budget year, prior to August 25, 2021, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2021, the County Assessor sent the final recertified assessed valuation to the District.
- (2) On or before October 15, 2021, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
- (4) For the 2022 budget, prior to December 15, 2021, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2022 budget, the final budget and appropriating resolution was adopted prior to December 31, 2021.

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

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 were collected in 2022 and taxes certified in 2022 will be collected in 2023. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (no later than February 28 and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15.

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2022, year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$160,206, which is the approximate required reserve at December 31, 2022.

On May 7, 1996, the District's voters authorized the District to collect, retain, and spend all revenue collected from any source, without regard to fiscal year spending limits otherwise imposed by TABOR.

On May 2, 2000, the following question was approved by voters: *Shall property taxes be increased \$300,000 annually in the first full fiscal year, for operating, repair, and maintenance, especially deferred maintenance expenses, and by whatever amounts are raised annually thereafter from an ad valorem property tax rate of up to 7.935 mills, which constitutes an increase of 5.0 mills; with an acknowledgment that it is the intent of the District to reduce the mill levy by 2.5 mills to a net of 5.435 mills should the regional fire district and its mill levy be approved. The proceeds of such taxes and any investment income thereon and any other revenue of the District may be collected and spent by the District without limitation by the revenue and spending limits of Article X, Section 20 of the Colorado Constitution?*

On November 6, 2007, the following question was approved by voters: *Shall Eagle-Vail Metropolitan District taxes be increased by \$915,000 annually commencing in tax collection year 2008, and by such additional annual amounts as may be generated by a mill levy of 9.4 mills to pay the District's operations, maintenance, capital replacement and other expenses with the understanding that the District's debt service mill levy which is currently 9.4 mills will be eliminated after tax collection year 2007 so that the District's current total aggregate mill levy of 14.835 shall not be exceeded without voter approval; and shall the proceeds of such taxes and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2008 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes, and without limiting in any year the amount of other revenues that may be collected and spent by the District?*

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 3, 2009, the following question was approved by voters: *Shall Eagle-Vail Metropolitan District debt be increased \$7,500,000 with a repayment cost of \$15,000,000 and shall district taxes be increased by up to \$500,000 annually or such lesser amount as may be necessary for the payment of such debt and any refundings thereof, such debt shall be a general obligation of the district, and may be evidenced by bonds, notes, contracts, loan agreements or other multiple fiscal year obligations of the district, for the purpose of paying, reimbursing or financing all or any part of the costs of designing, permitting, acquiring, constructing, enhancing, repairing, replacing, remodeling, demolishing, installing, equipping and otherwise providing parks and recreational facilities, improvements and programs which include, but are not limited to, swimming, playground, athletic fields and associated facilities and improvements; such debt to bear interest at a net effective interest rate not in excess of 12%, such interest to be pay able at such time or times and which may compound periodically as may be determined by the District board, such debt to be sold in one series or more at a price above, below, or equal to the principal amount of such debt and on such terms and conditions as the District may determine, including provisions for redemption of the debt prior to maturity with or without payment of a premium in an amount not in excess of 3%; and shall the District be authorized to issue debt to refund the debt authorized in this question, provided that after the issuance of such refunding debt the total outstanding principal amount of all debt issued pursuant to this question does not exceed the maximum principal amount set forth above, and provided further that all debt issued by the District pursuant to this question is issued on terms that do not exceed the authorized repayment costs; and shall the proceeds of such debt, the revenue from such taxes and the investment income thereon be collected, retained and spent by the district as a voter-approved revenue change and exception to any spending, revenue-raising or other limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law?*

On May 17, 2018, the following question was approved by voters: *Shall Eagle-Vail Metropolitan District taxes be increased \$290,000 in 2019 and by whatever additional amounts are raised annually thereafter by imposing a sales tax beginning January 1, 2019 at a rate not to exceed 1% upon every transaction in the District subject to state sales tax, for the purposes of financing, constructing, operating and maintaining streets, transportation, and safety protection improvements... and shall the District be authorized to establish, maintain and operate a system to transport the public, which may include a shuttle bus between Eagle-Vail ad resorts in Vail and/or Beaver Creek, which system may be paid with sales tax revenues?*

On November 2, 2021, the following question was approved by voters: *Without increasing taxes, shall Eagle-Vail Metropolitan District be authorized to adjust its mill levy rate beginning in 2022 and annually thereafter sufficient to maintain an amount equal to the 2021 operating property taxes levied of \$1,458,448, subject to an amount annual adjustment for inflation and local growth, in order to continue to maintain recreational amenities and services such as: pedestrian and cycle paths and trails, parks and open space, 18 hole championship golf course, tennis center and family swimming pool, willow creek par 3 golf course, and multipurpose ball fields; and shall the District revenues be collected, retained and spent notwithstanding any limits provided by law?*

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$ \$1,426,187 at year end.

The District had the following deposits and investments as of December 31, 2021 with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to three years
<i>Deposits:</i>				
Checking and savings	<i>Not Rated</i>	\$ 291,037	291,037	-
<i>Investments:</i>				
Pools	<i>AAAm</i>	6,027,739	6,027,739	-
Money market	<i>Not Rated</i>	39,150	39,150	-
Certificates of deposit	<i>Not Rated</i>	1,096,000	498,000	598,000
Total		<u>\$ 7,453,926</u>		

Fair Value of Investments

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

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

At December 31, 2022 the District had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,096,000	1,096,000	-	-
Money market	39,150	-	39,150	-
Total	<u>\$ 1,135,150</u>	<u>1,096,000</u>	<u>39,150</u>	<u>-</u>
Investments Measured at Net Asset Value				
COLOTRUST	\$ 6,027,739			

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The District had invested \$6,027,739 in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST.

COLOTRUST operates similarly to a money market fund and is valued at net asset value. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

COLOTRUST directly holds all repurchase agreements. The custodian's internal records identify the investments owned by COLOTRUST. The District does not categorize its participation in COLOTRUST because the investment is not evidenced by securities specifically identifiable to the District.

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

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in local government investment pools. These investments are 81% of the District's total investments.

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

III. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,274,508	-	-	2,274,508
Water rights	1,181,678	-	-	1,181,678
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>3,456,186</u>	<u>-</u>	<u>-</u>	<u>3,456,186</u>
Depreciable/amortizable capital assets:				
Improvements	11,940,815	254,508	-	12,195,323
Buildings	7,312,266	102,203	(16,813)	7,397,656
Equipment	2,313,560	541,367	(395,398)	2,459,529
Right-to-use leased equipment	72,804	-	-	72,804
Total depreciable/amortizable capital assets:	<u>21,639,445</u>	<u>898,078</u>	<u>(412,211)</u>	<u>22,125,312</u>
Less accumulated depreciation/amortization for:				
Improvements	(7,369,062)	(400,544)	-	(7,769,606)
Buildings	(4,014,195)	(245,030)	16,813	(4,242,412)
Equipment	(2,054,983)	(82,503)	395,398	(1,742,088)
Right-to-use leased equipment	-	(34,501)	-	(34,501)
Total accumulated depreciation/amortization	<u>(13,438,240)</u>	<u>(762,578)</u>	<u>412,211</u>	<u>(13,788,607)</u>
Total depreciable/amortizable capital assets, net	<u>8,201,205</u>	<u>135,500</u>	<u>-</u>	<u>8,336,705</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,657,391</u>	<u>135,500</u>	<u>-</u>	<u>11,792,891</u>

Depreciation expense was charged to parks and recreation and golf operations.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

III. Detailed Notes on All Funds (continued)

C. Long-term Debt

1. General Obligation Bonds, Series 2009

The District issued General Obligation Bonds, Series 2009, dated December 1, 2009, in the aggregate amount of \$7,000,000. The purpose of the bonds is to finance park and recreation facility improvements, including swimming, playground, athletic field and associated facilities and improvements. The 2009 bonds are due in varying amounts through 2035, with interest payable semiannually at varying interest rates from 2.50% to 5.00%.

These bonds were partially refunded in 2017 through the bond issue of General Obligation Refunding Bonds, Series 2017.

2. General Obligation Refunding Bonds, Series 2017

On November 14, 2017, the District issued \$5,100,000 of general obligation bonds, the proceeds of which were used to advance refund a portion of the General Obligation Bonds, Series 2009. The 2017 bonds are due in varying amounts through 2035, with interest payable semiannually at varying interest rates from 2.00% to 4.00%. The District realized a net present value savings of \$554,862 on the refunding of the 2009 bonds.

3. Schedule of Annual Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the District's bonds are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 161,700	275,000	436,700
2024	150,700	285,000	435,700
2025	139,300	295,000	434,300
2026	127,500	310,000	437,500
2027	115,100	320,000	435,100
2028 - 2032	372,900	1,800,000	2,172,900
2033 - 2035	54,150	1,010,000	1,064,150
	<u>\$ 1,121,350</u>	<u>4,295,000</u>	<u>5,416,350</u>

4. Leases Payable

GPS System

On May 15, 2015, the District extended its operating lease for a GPS system that was originally leased in 2011 to October 2023. The extension included an original 2011 deposit of \$7,632 that will be applied as the final payment on October 1, 2023. The extension consists of six monthly payments of \$6,006 for a total of \$36,036 per year over four years. The assumed interest rate on this lease is 5%. The lease expires on October 1, 2023.

At December 31, 2022, the District's liability for lease payments was \$35,924. The value of the right-to-use asset at December 31, 2022 was \$65,744, with accumulated amortization of \$32,872.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

III. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

4. Leases Payable (continued)

Xerox

In May 2021, entered into an operating lease agreement for a copier. The non-cancellable lease expires in May 2026. Under the terms of the lease, the District is to monthly pay a base rental fee. The lease liability is measured using an estimated incremental borrowing rate of 0.68%

At December 31, 2022, the District's liability for lease payments was \$5,449. The value of the right-to-use asset at December 31, 2022 was \$7,060, with accumulated amortization of \$1,629.

The following is a schedule of future principal and interest lease payments due under the terms of the operating leases, at December 31, 2022:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 1,049	37,546	38,595
2024	21	1,633	1,654
2025	10	1,644	1,654
2026	1	550	551
	<u>\$ 1,081</u>	<u>41,373</u>	<u>42,454</u>

5. Changes in Long-term Debt

	<u>Balance (Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/22 Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
2017 G.O. Refunding Bonds	\$ 4,560,000	-	(265,000)	4,295,000	275,000
2017 Refunding Bond Premium	307,984	-	(21,997)	285,987	-
Operating Lease - GPS Lease	69,187	-	(33,263)	35,924	35,924
Operating Lease - Xerox Lease	7,060	-	(1,611)	5,449	1,622
	<u>\$ 4,944,231</u>	<u>-</u>	<u>(321,871)</u>	<u>4,622,360</u>	<u>312,546</u>

IV. Other Information

A. Intergovernmental Agreements

1. Eagle River Fire Protection District

Eagle River Fire Protection District (the "Fire District") was formed to provide fire protection service beginning January 1, 2001, to the Town of Avon, various metropolitan districts, including the District, and portions of unincorporated areas of Eagle County. In connection with the formation of the Fire District, but under a separate intergovernmental agreement dated January 1, 2001, the District conveyed its real property, vehicles, and equipment relating to fire protection to the Fire District.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

IV. Other Information (continued)

A. Intergovernmental Agreements (continued)

2. Upper Eagle Regional Water Authority

The District is a participant in the Upper Eagle Regional Water Authority (the "Authority"). The Authority was formed pursuant to an establishing contract on September 18, 1984, by the following quasi-municipal corporations ("districts") and the Town of Avon ("Town") located in Eagle County, Colorado (Contracting Parties):

Arrowhead Metropolitan District
Town of Avon
Beaver Creek Metropolitan District
Berry Creek Metropolitan District
Eagle-Vail Metropolitan District
Edwards Metropolitan District

The purposes of the Authority are to supply water for domestic and other public and private purposes; to provide all necessary water diversion works, reservoirs, treatment works and facilities, equipment and appurtenances incident thereto; to effect the development of water resources, systems or facilities, in whole or in part, for the use and benefit of the Contracting Parties, their inhabitants, and others; and to provide efficient, effective, and reliable water service.

The Authority is to remain in effect until it has no bonds, notes or other obligations outstanding and the Contracting Parties unanimously consent to its dissolution. The initial term of this Authority Agreement shall be ten (10) years ending on December 31, 2023, but such term shall be subject to automatic renewal and extension for successive ten (10) year terms thereafter unless all of the Contracting Parties unanimously approve changes to this Authority Agreement during any extended term, to be effective on the first day of the extended term, including provision for payment of all bonds, notes and other obligations outstanding in accordance with their terms. At December 31, 2015, the Authority had debt with maturities through the year 2042.

Dissolution of the Authority requires the unanimous consent of the Contracting Parties and provision for a successor entity that will continue to provide service to the water service customers. Any provision for dissolution shall provide either that all the Authority's financial obligations be paid in full or that funds sufficient for the payment of the Authority's obligations be placed in escrow. Upon dissolution without conveyance of all water rights and assets to a successor entity, the interest in the net assets of the Authority including interests in unallocated water rights shall be distributed to each contracting party in proportion to the average annual amount of treated water sold within the boundaries of each Contracting Party.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

IV. Other Information (continued)

A. Intergovernmental Agreements (continued)

2. Upper Eagle Regional Water Authority (continued)

The Contracting Parties (including the District) and other parties served by contract have previously conveyed to the Authority their individual water systems, except for certain golf course water systems, raw water storage and raw water irrigation systems, subject to existing agreements between the Authority and any Contracting Party. The customers of the Contracting Parties thereby became water service customers of the Authority. The Authority shall make Rules and Regulations concerning the operation of the Authority's Water System. These water systems were accepted by the Authority in "as is" condition and (subject to any contract obligations) all future maintenance, repair and upgrade expenses became the obligations of the Authority, and not the obligations of the Contracting Parties or the third party served by contract. In connection therewith, on February 25, 2015 the District adopted a resolution terminating collection of future water tap fees by the District (except for tap fees for properties on Arrowhead Mountain which will continue until the District's 2011 bonds are paid off; current maturity is December 1, 2031).

The Contracting Parties have leased and/or conveyed to the Authority all of the Contracting Parties' right, title and interests in and to the Contracting Parties' water rights, including the right to use all diversion ditches, pipelines, headgates and structures, reservoirs or other storage structures, pumps, casings, and other improvements and easements associated or used in connection with the water rights, for the Authority's use in carrying out its functions and providing water service.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

IV. Other Information (continued)

A. Intergovernmental Agreements (continued)

2. Upper Eagle Regional Water Authority (continued)

A summary of audited financial information for the Authority as of and for the year ended December 31, 2021 (the latest audited information available) is as follows:

Upper Eagle Regional Water Authority	
Assets:	
Current	\$ 24,574,876
Other	8,847,600
Capital	91,147,971
Total Assets	124,570,447
Deferred Outflow of Resources	419,346
Total Assets and Deferred Outflow of Resources	\$ 124,989,793
Liabilities and Net Position:	
Current	\$ 5,560,295
Long-term debt	58,500,550
Net position	60,928,948
Total Liabilities and Net Position	\$ 124,989,793
 Operations:	
Operating revenue	\$ 14,228,792
Operating expense	16,366,020
Operating income	(2,137,228)
Other income	46,891
Other expense	(2,023,052)
Net (loss)	(4,113,389)
Capital contributions	1,737,268
Net Position - Beginning	63,305,069
Net Position - Ending	\$ 60,928,948

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; general liability unemployment; and employee benefit expenses related to health, dental and vision programs. The District carried commercial coverage for employee benefit expenses and workers compensation. Any settled claims are not expected to exceed the commercial insurance coverage. All other risks described above were covered by the pool described below.

**Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)**

V. Other Information (continued)

B. Risk Management (continued)

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. 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 and public official's 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.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2022 (the latest audited information available) is as follows:

Admitted Assets	<u>\$ 69,212,177</u>
Liabilities	45,329,704
Surplus	<u>23,882,473</u>
Total	<u>\$ 69,212,177</u>
Revenue	27,064,468
Underwriting expenses	<u>25,447,966</u>
Underwriting gain (loss)	1,616,502
Investment income	<u>462,530</u>
Net Income	<u>\$ 2,079,032</u>

C. Deferred Compensation Plan

The District adopted an employees' deferred compensation plan (the "Plan") created in accordance with Internal Revenue Service Code Section 401(a). The Plan is a defined contribution plan with no liability to the District for further pension benefits in excess of contributions made by the District. A total of up to 25% of an employees' taxable income may be contributed to the Plan. The employees may also contribute after-tax money to the Plan, up to 10% of salary, provided that the overall plan limit of 25% is not exceeded.

Eagle-Vail Metropolitan District
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information (continued)

C. Deferred Compensation Plan (continued)

The Plan is available to all employees, with a minimum age of 18. For full-time, year round employees, the District has elected to contribute 8% of earnings; each participant is required to contribute 4% of their individual earnings. For seasonal and part-time employees, the District has elected to contribute 1.3%; these participants are required to contribute 6.2 % of their earnings. The employee's and employer's contributions fully vest at the date of the contribution. The investments acquired for each employee are self-directed by the employee under various investment options offered by the Plan. The total salaries paid by the District and covered under the plan in 2022 were \$625,730. The District's contributions to the Plan for 2022 were \$62,676.

D. Implementation of Accounting Standard

Effective January 1, 2022, the District implemented Statement No. 87, *Leases* ("GASB 87"), issued by the Governmental Accounting Standards Board. GASB 87 requires that the District report certain lease assets and liabilities for leases that previously were classified as operating leases, and recognize inflows or outflows of resources based on the payment provisions of each such contract. The implementation of GASB 87 has been applied effective January 1, 2022, resulting in an increase of \$61,552 to beginning net position for Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

Eagle-Vail Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for 2021)

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property tax	1,458,448	1,458,448	1,456,165	(2,283)	1,461,116
Specific ownership tax	65,630	80,215	78,673	(1,542)	79,915
Capital grants and contributions	100,000	413,915	290,888	(123,027)	-
Lottery proceeds	16,974	16,974	22,695	5,721	18,625
Interest	19,673	19,673	117,432	97,759	20,007
Other revenue:					
Employee Housing	32,960	32,960	33,916	956	32,581
Golf club	1,952,400	2,083,893	2,035,047	(48,846)	1,970,087
Golf pro shop	370,000	482,000	501,879	19,879	412,515
Restaurant	371,000	404,000	425,391	21,391	376,101
Swim club	158,094	185,094	190,644	5,550	154,078
Pavilion	97,000	97,000	82,819	(14,181)	85,619
Tennis	17,500	28,000	27,999	(1)	15,461
Miscellaneous	61,564	73,672	76,639	2,967	65,318
Total Revenues	<u>4,721,243</u>	<u>5,375,844</u>	<u>5,340,187</u>	<u>(35,657)</u>	<u>4,691,423</u>
Expenditures:					
General and administrative	701,785	717,384	671,851	45,533	689,806
Other expenses:					
Employee Housing	15,580	15,580	14,708	872	14,442
Golf club	1,440,469	1,600,840	1,509,007	91,833	1,236,356
Golf pro shop	210,000	270,000	290,849	(20,849)	209,885
Restaurant	290,927	348,603	342,068	6,535	276,556
Swim club	210,148	232,595	246,581	(13,986)	201,716
Pavilion	134,840	125,748	118,882	6,866	83,993
Tennis club	24,958	13,838	13,243	595	6,335
Parks	154,309	155,556	148,946	6,610	135,542
Miscellaneous	2,000	5,160	5,160	-	-
Capital outlay	1,523,213	2,111,739	1,610,652	501,087	915,442
Lease expenditures	36,036	36,036	37,690	(1,654)	36,532
Total Expenditures	<u>4,744,265</u>	<u>5,633,079</u>	<u>5,009,637</u>	<u>623,442</u>	<u>3,806,605</u>
Other Financing Sources (Uses):					
Interfund transfer	29,205	26,747	30,169	3,422	26,200
Total Other Financing Sources (Uses)	<u>29,205</u>	<u>26,747</u>	<u>30,169</u>	<u>3,422</u>	<u>26,200</u>
Excess of Revenues and Other Financing Sources Over Expenditures	6,183	(230,488)	360,719	591,207	911,018
Fund Balance - Beginning	<u>6,120,157</u>	<u>6,145,544</u>	<u>6,426,290</u>	<u>280,746</u>	<u>5,515,272</u>
Fund Balance - Ending	<u><u>6,126,340</u></u>	<u><u>5,915,056</u></u>	<u><u>6,787,009</u></u>	<u><u>871,953</u></u>	<u><u>6,426,290</u></u>

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

SUPPLEMENTARY INFORMATION

Eagle-Vail Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for 2021)

	<u>2022</u>			Final Budget Variance Positive (Negative)	<u>2021</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property tax	434,588	434,588	434,958	370	438,905
Specific ownership tax	19,556	23,902	23,500	(402)	24,006
Total Revenues	<u>454,144</u>	<u>458,490</u>	<u>458,458</u>	<u>(32)</u>	<u>462,911</u>
Expenditures:					
General and Administrative:					
Paying agent fees	1,349	1,311	400	911	400
Treasurer's fees	13,038	13,250	13,062	188	13,186
Bond principal payments	265,000	265,000	265,000	-	260,000
Bond interest payments	169,650	169,650	169,650	-	177,450
Total Expenditures	<u>449,037</u>	<u>449,211</u>	<u>448,112</u>	<u>1,099</u>	<u>451,036</u>
Excess of Revenues Over Expenditures and Other Financing (Uses)	5,107	9,279	10,346	1,067	11,875
Fund Balance - Beginning	-	-	121,218	121,218	109,343
Fund Balance - Ending	<u>5,107</u>	<u>9,279</u>	<u>131,564</u>	<u>122,285</u>	<u>121,218</u>

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

Eagle-Vail Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Sales Tax Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for 2021)

	<u>2022</u>			<u>Final Budget</u>	<u>2021</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
Revenues:					
Sales tax	566,500	615,671	598,640	(17,031)	574,834
Interest	8,748	1,500	11,788	10,288	1,424
Total Revenues	<u>575,248</u>	<u>617,171</u>	<u>610,428</u>	<u>(6,743)</u>	<u>576,258</u>
Expenditures:					
Other expenses:					
Shuttle service	60,000	60,000	56,696	3,304	67,662
Snow plowing and other operating	63,125	66,600	68,664	(2,064)	54,525
Capital outlay	387,000	387,000	147,191	239,809	149,395
Contingency	5,000	907	-	907	-
Total Expenditures	<u>515,125</u>	<u>514,507</u>	<u>272,551</u>	<u>241,956</u>	<u>271,582</u>
Other Financing Sources (Uses):					
Interfund transfer	(26,130)	(26,748)	(30,169)	(3,421)	(26,200)
Total Other Financing Sources (Uses)	<u>(26,130)</u>	<u>(26,748)</u>	<u>(30,169)</u>	<u>(3,421)</u>	<u>(26,200)</u>
Excess of Revenues and Other Financing Sources Over Expenditures	33,993	75,916	307,708	231,792	278,476
Fund Balance - Beginning	<u>437,398</u>	<u>530,282</u>	<u>536,844</u>	<u>6,562</u>	<u>258,368</u>
Fund Balance - Ending	<u>471,391</u>	<u>606,198</u>	<u>844,552</u>	<u>238,354</u>	<u>536,844</u>

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

Eagle-Vail Metropolitan District
Schedule of Bonds Payable to Maturity
December 31, 2022

Bonds and Interest Maturing in the Calendar Year Ending December 1	\$5,100,000 General Obligation Refunding Bonds Series 2017 Dated November 14, 2017 Interest Rate 2.00% - 4.00%		Totals
	Interest Due	Principal	Grand Total
	June 1 and December 1	Due December 1	
	December 1	December 1	
2023	161,700	275,000	436,700
2024	150,700	285,000	435,700
2025	139,300	295,000	434,300
2026	127,500	310,000	437,500
2027	115,100	320,000	435,100
2028	102,300	335,000	437,300
2029	88,900	345,000	433,900
2030	75,100	360,000	435,100
2031	60,700	370,000	430,700
2032	45,900	390,000	435,900
2033	30,300	405,000	435,300
2034	18,150	415,000	433,150
2035	5,700	190,000	195,700
Totals	1,121,350	4,295,000	5,416,350

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

Eagle-Vail Metropolitan District
History of Assessed Valuation, Mill Levy, and Property Taxes Collected
December 31, 2022

Calendar Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
1990	\$ 30,203,650	17.237	\$ 520,620	\$ 516,933	99.3%
1991	30,659,510	17.195	527,190	512,426	97.2%
1992	32,862,950	16.727	549,699	547,247	99.6%
1993	33,250,340	16.727	556,178	551,738	99.2%
1994	34,012,630	16.727	568,929	564,445	99.2%
1995	34,395,170	17.904	615,811	611,640	99.3%
1996	36,130,610	16.574	598,829	597,905	99.8%
1997	37,074,710	19.800	734,079	746,731	101.7%
1998	48,063,260	16.300	783,431	781,253	99.7%
1999	48,353,530	16.300	788,163	780,559	99.0%
2000	57,667,160	13.635	786,292	785,784	99.9%
2001	57,691,600	15.435	890,470	890,227	100.0%
2002	65,210,400	15.435	1,006,523	1,004,510	99.8%
2003	65,840,480	15.435	1,016,247	1,014,970	99.9%
2004	60,929,880	16.135	983,104	981,658	99.9%
2005	60,306,930	16.535	997,175	996,672	99.9%
2006	67,832,410	14.835	1,006,294	1,005,003	99.9%
2007	68,152,280	14.835	1,011,039	1,027,499	101.6%
2008	96,804,440	14.835	1,436,094	1,434,240	99.9%
2009	98,678,150	14.835	1,463,890	1,452,271	99.2%
2010	97,870,440	19.719	1,929,907	1,926,224	99.8%
2011	97,843,400	19.720	1,929,472	1,929,460	100.0%
2012	80,481,880	20.774	1,671,931	1,670,730	99.9%
2013	80,582,710	20.766	1,673,381	1,671,054	99.9%
2014	67,304,110	21.937	1,476,450	1,476,439	100.0%
2015	67,307,110	21.936	1,476,449	1,476,351	100.0%
2016	81,210,180	20.720	1,682,675	1,670,454	99.3%
2017	80,737,790	20.755	1,675,713	1,675,635	100.0%
2018	86,229,860	19.879	1,714,163	1,714,148	100.0%
2019	84,535,390	20.023	1,692,652	1,692,377	100.0%
2020	98,330,310	19.258	1,893,645	1,884,223	99.5%
2021	98,311,290	19.284	1,895,835	1,900,021	100.2%
2022	103,918,780	18.216	1,892,984	1,891,123	99.9%
2023	100,771,320	19.920	2,007,365	N/A	N/A

NOTE:

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

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