

BACHELOR GULCH METROPOLITAN DISTRICT
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 18, 2021

The Board of Directors
Bachelor Gulch Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund of Bachelor Gulch Metropolitan District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bachelor Gulch Metropolitan District, as of December 31, 2020, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Directors
Bachelor Gulch Metropolitan District
Page Two

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bachelor Gulch Metropolitan District's basic financial statements. The Debt Service Fund budgetary schedule and property tax statistical schedule are presented for purposes of additional analysis and are not a required part of the financial statements.

The Debt Service Fund budgetary schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The property tax statistical schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Chadwick, Steinkirchner, Davis & Co., P.C.

Bachelor Gulch Metropolitan District

Management's Discussion and Analysis December 31, 2020

As management of Bachelor Gulch Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with 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, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The governmental activity of the District is primarily financing the construction, operation, and maintenance of the basic public infrastructure within Bachelor Gulch. There are no business-type activities within the District.

The government-wide financial statements can be found on pages 6 and 7 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has three funds, the General Fund, the Debt Service Fund and the Sales Tax Fund. All of these funds are governmental fund types.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of the fund balance as reported in the governmental funds to the net position reported in the government-wide financial statements and a reconciliation of the net change in fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities. The fund financial statements are contained on pages 8 through 13 of the report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 26 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 7,063,583	\$ 6,328,821
Capital assets, net	20,670,710	22,049,209
Total Assets	<u>\$ 27,734,293</u>	<u>\$ 28,378,030</u>
Liabilities:		
Current and other liabilities	\$ 97,291	\$ 122,466
Long-term liabilities (including current portion)	6,874,728	7,673,497
Total Liabilities	<u>\$ 6,972,019</u>	<u>\$ 7,795,963</u>
Deferred Inflows:		
Property taxes	<u>\$ 1,968,122</u>	<u>\$ 1,974,791</u>
Net Position:		
Net Investment in capital assets	\$ 13,819,471	\$ 14,375,712
Restricted	1,401,267	1,564,819
Unrestricted	3,573,414	2,666,745
Total Net Position	<u>\$ 18,794,152</u>	<u>\$ 18,607,276</u>
Program Revenues:		
Grants and contributions	\$ 179,655	\$ 123,259
Charges for services	92,727	61,819
General Revenues:		
Property & Sales taxes	4,805,471	5,440,121
Gain on Sale of Assets	24,427	61,172
Interest Income	31,924	84,574
Total Revenues	<u>5,134,204</u>	<u>5,770,945</u>
Expenses:		
General government	345,725	325,632
Public works	4,428,752	4,410,259
Interest on long-term debt	172,851	194,559
Total Expenses	<u>4,947,328</u>	<u>4,930,450</u>
Change in net position	186,876	840,495
Net Position- Beginning	<u>18,607,276</u>	<u>17,766,781</u>
Net Position- Ending	<u>\$ 18,794,152</u>	<u>\$ 18,607,276</u>

Government-wide Financial Analysis. The major activity for 2020 related to operating and maintaining the infrastructure assets of the District and paying the debt service for the bonds used to acquire the infrastructure. The District's overall financial position, as measured by net position, increased by \$186,876, due primarily to collection of sales and property taxes in excess of the operating costs and debt service interest requirements. The majority of the net position is invested in capital asset and a portion is restricted for emergencies, debt service and streets, safety protection and transportation. Of the unrestricted net position, although there is no formal restriction on this portion, part of the property taxes collected in 2020 are subject to abatement depending on the outcome of the Bachelor Gulch Ritz Carlton Hotel's protest of the assessor's valuation of the hotel with the County assessor. The unrestricted net position is being held to be used for future year's operating and capital replacement expenditures. While a formal asset

replacement reserve program hasn't been established by the District, funds are being accumulated for anticipated future costs of roadway asphalt overlays and replacement of guardrails in the District.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned 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 2020, the District's governmental funds reported a combined ending fund balance of \$5,042,322 which reflects an increase of \$768,945. This increase is the result of a surplus resulting from revenues received exceeding expenditures. A portion of this surplus has been assigned for the potential abatement of property taxes on the Ritz Carlton Hotel. The remainder of the surplus will be used for future year's expenditures. As discussed above in the government-wide financial analysis, the District is reserving funds for anticipated future costs of roadway asphalt overlays and replacement of guardrails in the District.

Budget variances in the General Fund. Expenses were generally lower than budgeted amounts and a budgeted transfer to the Sales Tax Fund was not needed resulting in favorable variances. Additional details for the general fund budget variances can be seen on Pages 12 of the financial statements.

Budget variances in the Sales Tax Fund. In the Sales Tax Fund the District collected less sales taxes than budgeted due to the pandemic but a transfer budgeted from the General Fund to the Sales Tax Fund was unnecessary. A couple of capital projects were cancelled which resulted in favorable variances for expenses overall. Additional details for the sales tax fund budget variances can be seen on Page 13 of the financial statements.

Capital assets. The District's total capital assets before depreciation remained constant at \$51 million with capital asset replacements being similar to retirements. Accumulated depreciation increased from \$29 million to \$30 million. Additional information related to the capital assets is reflected in Note C on Page 21 of the financial statements.

Long-term debts. The District made scheduled payments on the outstanding bonds and a new lease agreement. During 2020 the District paid down its total long-term debt outstanding (including bond premium) from \$7,673,497 to \$6,874,728, a net reduction of \$798,769. Additional details related to the District's long-term debts can be found in Note D on pages 22-23 of the financial report.

Request for Information

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

Bachelor Gulch Metropolitan District

STATEMENT OF NET POSITION

December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Equity in pooled cash and investments	\$ 4,421,988
Receivables	
Due from county treasurer	7,914
Property taxes receivable	1,968,122
Sales tax receivable	554,316
Other	8,540
Prepaid expenses	102,703
Capital assets	
Land	311,169
Buildings, net	1,409,986
Roads, net	16,763,463
Parks and recreation, net	528,966
Equipment, net	1,657,126
Total Assets	<u>27,734,293</u>
LIABILITIES	
Accounts payable	42,964
Accrued payroll	10,175
Accrued interest payable	15,296
Accrued compensated absences	28,856
Long-term liabilities	
Portion due and payable within one year	
Bonds, Leases, and loan payables	851,239
Portion due and payable after one year	
Lease payable	23,489
Loans payable	6,000,000
Total Liabilities	<u>6,972,019</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes	1,968,122
Total Deferred Inflows of Resources	<u>1,968,122</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,940,141</u>
NET POSITION	
Net investment in capital assets	13,819,471
Restricted for emergencies	119,758
Restricted for debt service	337,425
Restricted for streets, safety protection, and transportation	944,084
Unrestricted	3,573,414
Total Net Position	<u>\$ 18,794,152</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Function/Programs	Expenses	Program Revenues			Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 345,725	\$ 92,727	\$ 131,857	\$ 47,798	\$ (73,343)
Public works	4,428,752	-	-	-	(4,428,752)
Interest on long-term debt	172,851	-	-	-	(172,851)
Total governmental activities	<u>\$ 4,947,328</u>	<u>\$ 92,727</u>	<u>\$ 131,857</u>	<u>\$ 47,798</u>	<u>(4,674,946)</u>
General revenues:					
Property and specific ownership taxes					2,071,926
Sales taxes					2,733,545
Gain on sale of assets					24,427
Interest income					31,924
Total general revenues					<u>4,861,822</u>
Change in net position					186,876
Net position - beginning					<u>18,607,276</u>
Net position - ending					<u>\$ 18,794,152</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

	General	Sales Tax	Debt Service	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$3,692,602	\$ 391,961	\$ 337,425	\$ 4,421,988
Receivables				
Due from county treasurer	7,914	-	-	7,914
Property taxes receivable	984,061	-	984,061	1,968,122
Sales tax receivable	-	554,316	-	554,316
Other receivables	-	8,540	-	8,540
Prepaid expenses	102,703	-	-	102,703
Total Assets	<u>4,787,280</u>	<u>954,817</u>	<u>1,321,486</u>	<u>7,063,583</u>
LIABILITIES				
Accounts payable	42,406	558	-	42,964
Accrued payroll	-	10,175	-	10,175
Total Liabilities	<u>42,406</u>	<u>10,733</u>	<u>-</u>	<u>53,139</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	984,061	-	984,061	1,968,122
Total Deferred Inflows of Resources	<u>984,061</u>	<u>-</u>	<u>984,061</u>	<u>1,968,122</u>
Total Liabilities and Deferred Inflows	<u>1,026,467</u>	<u>10,733</u>	<u>984,061</u>	<u>2,021,261</u>
FUND EQUITY				
Nonspendable, prepaid expenses	102,703	-	-	102,703
Restricted for emergencies	119,758	-	-	119,758
Restricted for debt service	-	-	337,425	337,425
Restricted for streets, safety protection, and transportation	-	944,084	-	944,084
Assigned for potential abatement	66,150	-	-	66,150
Unassigned	3,472,202	-	-	3,472,202
Total Fund Equity	<u>\$3,760,813</u>	<u>\$ 944,084</u>	<u>\$ 337,425</u>	<u>\$ 5,042,322</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2020

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

Total fund balance - governmental funds	\$ 5,042,322
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,670,710
Premiums on bonds are not due and payable in the current period and, therefore, are not reported in the funds.	(25,070)
Long-term liabilities such as bonds, notes, and leases are not due and payable in the current period and, therefore, are not reported in the funds.	(6,849,658)
Accrued interest and fees are not due and payable in the current period and, therefore, are not reported in the funds.	(15,296)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. This is the compensated absences liability as of year-end.	<u>(28,856)</u>
Net Position of Governmental Activities	<u>\$ 18,794,152</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2020

	General	Sales Tax	Debt Service	Total Governmental Funds
Revenues				
Property and specific ownership taxes	\$ 2,071,926	\$ -	\$ -	\$ 2,071,926
Sales tax	-	2,733,545	-	2,733,545
Interest	23,208	6,755	1,961	31,924
Tap Fees	-	-	47,798	47,798
Reimbursements from BGVA	-	107,034	-	107,034
Franchise fees	92,727	-	-	92,727
Miscellaneous income	-	24,823	-	24,823
Total revenues	<u>2,187,861</u>	<u>2,872,157</u>	<u>49,759</u>	<u>5,109,777</u>
Expenditures				
General government	166,675	-	303	166,978
Public works	54,908	3,056,589	-	3,111,497
Debt service				
Principal	-	-	795,000	795,000
Interest	-	-	207,833	207,833
Capital outlay	-	96,974	-	96,974
Total expenditures	<u>221,583</u>	<u>3,153,563</u>	<u>1,003,136</u>	<u>4,378,282</u>
Excess of Revenues Over (Under) Expenditures	1,966,278	(281,406)	(953,377)	731,495
Other financing sources (uses)				
Transfers in (out)	(953,033)	-	953,033	-
Sales proceeds	-	1,500	-	1,500
Lease proceeds	-	35,950	-	35,950
Total other financing sources (uses)	<u>(953,033)</u>	<u>37,450</u>	<u>953,033</u>	<u>37,450</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,013,245	(243,956)	(344)	768,945
Fund Balance - January 1	<u>2,747,568</u>	<u>1,188,040</u>	<u>337,769</u>	<u>4,273,377</u>
Fund Balance - December 31	<u>\$ 3,760,813</u>	<u>\$ 944,084</u>	<u>\$ 337,425</u>	<u>\$ 5,042,322</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2020

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

Net Change in Fund Balances - Governmental Funds	\$ 768,945
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 and reported as depreciation expense. This is the amount by which depreciation exceeded capitalized outlays in the current period (\$1,540,674 - \$180,748).	(1,359,926)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(18,573)
Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported as expenses in the statement of activities, but rather a reduction of debt in the statement of net position. This amount is the effect of the difference in the treatment of these repayments.	801,293
Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(35,950)
Governmental funds do not record the amount of interest and fees on long-term debt that has accrued since the end of the year. However, these liabilities are reported in the statement of net position and the related expense is reported in the statement of activities. This is the amount by which accrued interest and fees changed from the prior year.	34,982
Governmental funds do not report accrued compensated absences as part of expenditures. However, they are reported as expenses in the statement of activities. This is the amount accrued compensated absences changed from the prior year.	<u>(3,895)</u>
Change in Net Position of Governmental Activities	<u>\$ 186,876</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

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

Year ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,974,791	\$ 1,973,809	\$ (982)
Specific ownership taxes	98,740	98,117	(623)
Franchise fees	94,500	92,727	(1,773)
Interest income	54,356	23,208	(31,148)
Total revenues	<u>2,222,387</u>	<u>2,187,861</u>	<u>(34,526)</u>
Expenditures			
General government			
Insurance	73,500	69,493	4,007
Accounting and audit	105,400	133,591	(28,191)
Legal	50,000	31,889	18,111
Administration and other	180,387	191,959	(11,572)
Indirect cost allocation	(245,005)	(260,257)	15,252
Public works			
Fire mitigation	70,000	24,916	45,084
Landscaping	30,000	29,992	8
Contingency	5,000	-	5,000
Total expenditures	<u>269,282</u>	<u>221,583</u>	<u>47,699</u>
Excess of Revenues Over (Under) Expenditures			
	1,953,105	1,966,278	13,173
Other financing sources (uses)			
Transfers in (out)	(1,152,591)	(953,033)	199,558
Total other financing sources (uses)	<u>(1,152,591)</u>	<u>(953,033)</u>	<u>199,558</u>
Excess of Revenues and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	800,514	1,013,245	212,731
Fund Balance - January 1	2,731,565	2,747,568	16,003
Fund Balance - December 31	<u>\$ 3,532,079</u>	<u>\$ 3,760,813</u>	<u>\$ 228,734</u>

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SALES TAX FUND

Year ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales tax revenue	\$ 3,000,000	\$ 2,733,545	\$ (266,455)
Reimbursements from others	103,000	107,034	4,034
Interest income	14,900	6,755	(8,145)
Miscellaneous income	-	24,823	24,823
Total revenues	3,117,900	2,872,157	(245,743)
Expenditures			
Public works			
Payroll	617,317	695,430	(78,113)
Benefits	253,599	231,557	22,042
Repairs and maintenance	2,507,902	1,762,784	745,118
Utilities	51,200	51,218	(18)
Other operating	63,268	55,343	7,925
Indirect cost allocation	245,005	260,257	(15,252)
Contingency	55,000	-	55,000
Capital outlay	190,000	96,974	93,026
Total expenditures	3,983,291	3,153,563	829,728
Excess of Revenues Over (Under) Expenditures			
	(865,391)	(281,406)	583,985
Other financing sources (uses)			
Transfers in (out)	150,000	-	(150,000)
Sales proceeds	-	1,500	1,500
Lease proceeds	-	35,950	35,950
Total other financing sources (uses)	150,000	37,450	(112,550)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing			
	(715,391)	(243,956)	471,435
Fund Balance - January 1	1,101,526	1,188,040	86,514
Fund Balance - December 31	\$ 386,135	\$ 944,084	\$ 557,949

The accompanying notes are an integral part of this statement.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Bachelor Gulch Metropolitan District (the “District”) was established on November 8, 1994, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed to assist in financing the construction and acquisition by Smith Creek Metropolitan District (“Smith Creek”) of water, sanitation, streets, traffic safety, transportation, cable television, parks and recreation, fire protection, and mosquito control facilities in an area of approximately 1,375 acres of land in an unincorporated portion of Eagle County, Colorado on and/or adjacent to Beaver Creek Mountain ski area.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

2. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to 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 above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

3. 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. Currently, the District has only governmental activities.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, receivables, deferred outflows of resources as well as long-term debt, obligations and deferred inflows of resources. The District's net position is reported in three parts: net investment in capital assets; various restricted net position; 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures.

The fund focus is on current available resources and budget compliance.

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. At this time the District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Sales Tax Fund – The Sales Tax Fund accounts for sales tax revenues approved by the District’s electorate that are required to be used for streets, safety protection, and transportation.

Debt Service Fund – The Debt Service Fund accounts for the servicing of general long-term debt including long-term contractual obligations approved by the District’s electorate and revenues generated by property taxes that are required to be used in payment of such long-term debt and contractual obligations.

5. Measurement Focus and Basis of Accounting

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.

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.

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 within 60 days of year-end. 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.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Government-wide Net Position

- *Net investment in capital assets*—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- *Restricted net position*—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (those who may donate to the District less related liabilities and deferred inflows of resources).
- *Unrestricted*—all other net position is reported in this category.

7. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

8. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Property Taxes

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budget or Statement of Revenues, Expenditures, and Changes in Fund Balance of the assessment year. Property taxes are recorded as deferred revenue in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected. Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15.

10. Sales Taxes

The District imposed a sales tax, beginning January 1, 2011, of 3% on the sale of tangible personal property at retail and on the furnishing of services that are subject to Colorado State sales taxes. The sales tax rate was increased to 4% effective July 1, 2015 and then was increased again to 5% effective July 1, 2016. Sales taxes are collected on behalf of the District by the State in the month following the initial collection of sales taxes from the consumer. The sales taxes are remitted to the District the month following collection by the State.

11. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District defines capital assets as assets with an initial, individual cost of more than \$5,000.

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

Estimated lives	
Roads	40 years
Parks and recreation	25 years
Vehicles and equipment	5 to 15 years

Costs related to the construction of assets including engineering, legal, surveying and landscaping that were incurred from the beginning of construction until the assets were substantially complete were capitalized.

12. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

14. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are also reported as transfers.

15. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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 generally accepted accounting principles ("GAAP").

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

- (1) For the 2020 budget year, prior to August 23, 2019, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2019, 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) The Board held a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.
- (4) For the 2020 budget, prior to December 15, 2019, 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 2020 budget, the final budget and appropriating resolution was adopted prior to December 31, 2019.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (6) 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 those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end. There were no supplemental appropriations adopted for 2020.

16. New Accounting Principle adopted – GASB 87

GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for periods beginning after June 15, 2021. The District has chosen to early implement this standard. The standard requires retrospective implementation. Management has determined through review of current agreements that there are no lessor activities that require recognition and that new leases and current leases recognized under the pronouncement do not require a restatement of net position.

NOTE B – EQUITY IN POOLED CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. As of December 31, 2020, the District had cash deposits of \$274,575 of which \$250,000 was covered by federal depository insurance. The remainder was covered by PDPA.

Investments

Colorado state statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agency, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in its name, or in custody of a third party on behalf of the local government.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE B – EQUITY IN POOLED CASH AND INVESTMENTS – CONTINUED

As of December 31, 2020, the District had \$4,147,413 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor’s AAAM rating. There is no custodial, interest rate or foreign currency risk exposure. Colotrust operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by Colotrust are valued at fair value.

NOTE C – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 311,169	\$ —	\$ —	\$ 311,169
Capital assets, being depreciated				
Buildings	2,249,194	—	—	2,249,194
Leased improvements	—	35,950	—	35,950
Roads	41,389,783	—	—	41,389,783
Parks and recreation	4,444,834	—	—	4,444,834
Equipment	<u>2,843,252</u>	<u>144,798</u>	<u>(85,736)</u>	<u>2,902,314</u>
Total capital assets being depreciated	<u>50,927,063</u>	<u>180,748</u>	<u>(85,736)</u>	<u>51,022,075</u>
Less accumulated depreciation for:				
Buildings	815,333	56,230	—	871,563
Leased building	—	3,595	—	3,595
Roads	23,593,179	1,033,141	—	24,626,320
Parks and recreation	3,741,016	174,852	—	3,915,868
Equipment	<u>1,039,495</u>	<u>272,856</u>	<u>(67,163)</u>	<u>1,245,188</u>
	<u>29,189,023</u>	<u>1,540,674</u>	<u>(67,163)</u>	<u>30,662,534</u>
Total capital assets being depreciated, net	<u>21,738,040</u>	<u>(1,359,926)</u>	<u>(18,573)</u>	<u>20,359,541</u>
Governmental activities capital assets, net	<u>\$ 22,049,209</u>	<u>\$ (1,359,926)</u>	<u>\$ (18,573)</u>	<u>\$ 20,670,710</u>

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE C – CAPITAL ASSETS – CONTINUED

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

Governmental activities:

General government	\$ 174,852
Public works	<u>1,365,822</u>

Total depreciation expense – governmental activities \$ 1,540,674

NOTE D – LONG-TERM DEBT

2011 General Obligation Refunding Bonds

The District issued \$7,175,000 of General Obligation Refunding Bonds, Series 2011. The bonds were issued on September 29, 2011, with interest payments due June 1 and December 1 of each year through December 1, 2021, commencing June 1, 2012. Principal payments are due December 1 of each year commencing December 1, 2012. The bonds were issued with an interest rate of 3.0%.

2012 Loan

The District borrowed \$10,000,000 in July of 2012 to refund 2004 bonds. The interest rate on the loan is fixed at 2.62% with interest payments due June 1, September 1, December 1, and March 1 of every year commencing June 1, 2012 through July 1, 2027. Principal payments are due July 1 of each year.

2020 Solar Array Lease

The District leased a solar array for \$35,950 in February 2020. Six annual payments of principle and interest of \$6,293 are due each March 1st commencing on March 1, 2020 through to 2025. At that time the District will have the option of purchasing the array at fair market value.

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2020:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2020	Due within one year
2011 General Obligation Bonds	\$ 1,615,000	\$ –	\$ 795,000	\$ 820,000	\$ 820,000
2011 Bonds Premium	58,497	–	33,427	25,070	25,070
2012 Loan	6,000,000	–	–	6,000,000	–
2020 Solar Array Lease	<u>–</u>	<u>35,950</u>	<u>6,292</u>	<u>29,658</u>	<u>6,169</u>
Total long-term debt	<u>\$ 7,673,497</u>	<u>\$ 35,950</u>	<u>\$ 834,719</u>	<u>\$ 6,874,728</u>	<u>\$ 851,239</u>

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE D – LONG-TERM DEBT – CONTINUED

Debt service requirements are as follows (including mandatory sinking fund requirements):

2011 Issue:			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	820,000	24,600	844,600
	<u>\$ 820,000</u>	<u>\$ 24,600</u>	<u>\$ 844,600</u>
2012 Loan:			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ –	\$ 159,383	\$ 159,383
2022	1,000,000	148,248	1,148,248
2023	1,000,000	121,684	1,121,684
2024	1,000,000	95,412	1,095,412
2025	1,000,000	68,557	1,068,557
2026-2027	2,000,000	57,422	2,057,422
	<u>\$ 6,000,000</u>	<u>\$ 650,706</u>	<u>\$ 6,650,706</u>
Total (Less leases):			
<u>Year</u>			
2021	\$ 1,003,983		
2022	1,148,248		
2023	1,121,684		
2024	1,095,412		
2025	1,068,557		
2025-2027	2,057,422		
	<u>\$ 7,495,306</u>		
2020 Lease:			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,697	\$ 596	\$ 6,293
2022	5,813	480	6,293
2023	5,930	363	6,293
2024	6,048	245	6,293
2025	6,169	122	6,291
	<u>\$ 29,657</u>	<u>\$ 1,806</u>	<u>\$ 31,463</u>

Remaining Authorized but Unissued Indebtedness and Obligation to Issue Future Bonds. During 1994 and 1996, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$56,430,000 at an interest rate not to exceed 15% per annum per the 1994 election and 8.25% per annum per the 1996 election. The voter authorized but unissued indebtedness at December 31, 2020 of \$5,875,000 is calculated as follows:

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE D – LONG-TERM DEBT – CONTINUED

	1994 Original Voter <u>Authorization</u>	1996 Original Voter <u>Authorization</u>	Authorization Used For	Remaining Unused <u>Authorization</u>
Water System	\$ 8,940,000	\$ –	\$ (7,905,000)	\$ 1,035,000
Road Improvements	34,895,000	–	(34,895,000)	–
Maintenance Facility	–	2,565,000	–	2,565,000
Traffic & Safety Facility & Services, Incl. Entry Bldg.	1,140,000	–	(1,140,000)	–
Fire Stations & Fire Protection Equipment.	775,000	–	–	775,000
TV Relay & Translator Facilities	335,000	–	(335,000)	–
Public Transportation System Improvements	500,000	–	–	500,000
Park & Recreation Facilities	1,850,000	–	(1,850,000)	–
Storm or Sanitary Sewers	<u>5,430,000</u>	<u>–</u>	<u>(4,430,000)</u>	<u>1,000,000</u>
	<u>\$ 53,865,000</u>	<u>\$ 2,565,000</u>	<u>\$ (50,555,000)</u>	<u>\$ 5,875,000</u>

NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool (“Pool”) for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the government immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2019 (latest information available) is as follows:

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE E – RISK MANAGEMENT – CONTINUED

	<u>Colorado Special Districts Property and Liability Pool</u>
Assets	\$ <u>55,602,023</u>
Liabilities	\$ 33,163,342
Surplus	<u>22,438,681</u>
	<u>\$ 55,602,023</u>
Revenue	\$ 22,436,944
Investment income and other	<u>1,173,628</u>
Total revenue	23,610,572
Expenses	<u>25,355,739</u>
Excess of revenues over (under) expenses	<u>\$ (1,745,167)</u>

NOTE F – COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2020.

NOTE G – PENSION PLAN

The District has a 401(a) Profit Sharing Plan which covers all employees. In addition, a 457 deferred compensation plan is available to qualifying employees. Participating employees contribute, on a tax-deferred basis to both plans, 6.2% of their compensation for the 401(a) and a discretionary amount to the 457 plan. The District matches 100% of the 401(a) contributions and 100% of each employee’s contribution to the 457 plan up to a cap of 3% of the employee’s gross compensation. Participants are 100% vested in all contributions. The District’s matching contribution expense for the year ended December 31, 2020 for both plans was \$60,161.

NOTE H – 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 of the prior year, extension of any expiring tax, or tax policy change directly causing a new 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 or other financial obligation unless adequate present cash reserves are pledged irrevocable and held for payments in future years.

Bachelor Gulch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE H – TABOR AMENDMENT – CONTINUED

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 the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2020, a reserve of \$119,758 was required.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. The District's first year of operations ended December 31, 1995. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The electorate of the District approved that for purposes other than enterprises, the District be permitted to maintain fiscal year spending and annual District revenues from sources not excluded from fiscal year spending in an amount not to exceed \$65,000,000 in 1994 and each year thereafter, such amount to increase annually in each year after 1994 in an amount not to exceed the applicable limitations of Article X, Section 20 of the Colorado Constitution and Colorado law.

The District's electorate further approved that the District's taxes be increased \$65,000,000 annually, or by such lesser annual amount as may be necessary to pay the District's general costs, bonds or other evidences of indebtedness. Such taxes may consist of an ad valorem property tax mill levy imposed without limitation of rate and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary. The revenue from such taxes and any other monies used to pay such general costs, bonds or other evidences of indebtedness, and investment income thereon, may be collected and spent by the District without regard to any expenditure, revenue raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution.

In 2004 the District's electorate approved the imposition of a mill levy of 12 mills to be used for general operating purposes. The electorate authorized the District to collect, retain and spend all tax revenue received from this mill levy and all revenue received from any source commencing January 1, 2004 as a voter approved exception to the TABOR limits and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

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, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

Bachelor Gulch Metropolitan District

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

Year ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tap fees	\$ -	\$ 47,798	\$ 47,798
Interest income	1,679	1,961	282
Total revenues	<u>1,679</u>	<u>49,759</u>	<u>48,080</u>
Expenditures			
General government			
Agent fee	1,000	303	697
Debt service			
Interest expense	208,270	207,833	437
Principal reduction	795,000	795,000	-
Total expenditures	<u>1,004,270</u>	<u>1,003,136</u>	<u>1,134</u>
Excess of Revenues Over (Under) Expenditures	(1,002,591)	(953,377)	49,214
Other financing sources (uses)			
Transfers in (out)	1,002,591	953,033	(49,558)
Total other financing sources (uses)	<u>1,002,591</u>	<u>953,033</u>	<u>(49,558)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(344)	(344)
Fund Balance - January 1	<u>335,743</u>	<u>337,769</u>	<u>2,026</u>
Fund Balance - December 31	<u>\$ 335,743</u>	<u>\$ 337,425</u>	<u>\$ 1,682</u>

OTHER INFORMATION

Bachelor Gulch Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAX COLLECTIONS

December 31, 2020

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2000	\$ 42,886,320	45.000	\$ 1,929,884	\$ 1,929,884	100.00%
2001	49,293,310	45.000	2,218,199	2,218,199	100.00%
2002	78,713,280	42.500	3,345,314	3,345,315	100.00%
2003	97,058,000	38.000	3,688,204	3,687,707	99.99%
2004	122,451,970	36.000	4,408,271	4,396,163	99.73%
2005	120,297,170	33.000	3,969,807	3,967,165	99.93%
2006	136,096,320	30.000	4,082,889	4,068,857	99.66%
2007	140,587,630	27.000	3,795,866	3,795,581	99.99%
2008	172,540,330	24.000	4,140,967	4,134,006	99.83%
2009	175,913,270	21.000	3,694,179	3,682,201	99.68%
2010	185,494,850	21.000	3,895,392	3,727,297	95.68%
2011	185,760,410	20.000	3,715,208	3,708,781	99.83%
2012	147,705,890	20.000	2,954,118	2,907,233	98.41%
2013	144,880,060	20.000	2,897,601	2,897,601	100.00%
2014	146,331,940	19.000	2,780,307	2,738,657	98.50%
2015	145,137,900	19.000	2,757,620	2,753,993	99.87%
2016	157,212,620	17.000	2,672,615	2,669,496	99.88%
2017	157,722,840	15.000	2,365,843	2,357,578	99.65%
2018	161,528,740	13.000	2,099,874	2,063,867	98.29%
2019	157,552,680	13.000	2,048,185	2,048,168	100.00%
2020	164,565,920	12.000	1,974,791	1,973,809	99.95%
2021	164,010,150	12.000	1,968,122	N/A	N/A

NOTE:

Property tax collections in any one year include collection of delinquent taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.