

ARROWHEAD METROPOLITAN DISTRICT
Cash Receipts, Disbursements and Cash Balance
4/30/2022

Cash Balance - Beginning	3,680,440	4/1
Cash Receipts	279,340	
Cash Disbursements	(114,943)	
Cash Balance - Ending	<u>3,844,836</u>	4/30

Location of Cash Balances:		<u>Interest Rate</u>
First Bank Checking Account	2,056	
First Bank Money Market Account	56,023	0.01%
UMB Checking Account	42,189	0.15%
UMB CD Matures 2022/06	241,000	2.40%
UMB CD Matures 2023/11	243,000	0.25%
UMB CD Matures 2024/09	245,000	0.70%
UMB CD Matures 2024/12	246,000	2.05%
UMB CD Matures 2025/09	247,000	0.40%
UMB CD Matures 2026/06	248,000	0.90%
ColoTrust General Account	2,274,569	0.02%
Total Cash Balance	<u>3,844,837</u>	

ARROWHEAD METROPOLITAN DISTRICT					
COMBINED BALANCE SHEET					
As of the Dates Indicated					
ASSETS	12/31/21	4/30/2022			
	Total	General Fund	Debt Service	Fixed Assets And LT Debt	Total
CASH (.01% Interest)	63,703	58,079			58,079
CASH-COLOTRUST (0.0182% Interest)	1,280,006	2,274,569			2,274,569
UMB Checking Account (0.15% interest)	40,264	42,189			42,189
CASH-UMB CD (0.70% 09/23/2024)	245,000	245,000			245,000
CASH-UMB CD (0.90% 6/16/2026)	248,000	248,000			248,000
CASH-UMB CD (2.40% 06/09/2022)	241,000	241,000			241,000
CASH-UMB CD (2.05% 12/18/2024)	246,000	246,000			246,000
CASH-UMB CD (0.40% 9/15/2025)	247,000	247,000			247,000
CASH-UMB CD (0.25% 11/21/2023)	243,000	243,000			243,000
POOLED CASH	0	(323,338)	323,338		0
DUE FROM EAGLE COUNTY TREAS.	22,766	0	0		0
PROPERTY TAXES RECEIVABLE	1,812,321	620,985	273,156		894,141
SALES TAX RECEIVABLE	166,407	152,909			152,909
ACCOUNTS RECEIVABLE	10,831	0			0
INTEREST RECEIVABLE	1,343	4,812			4,812
PREPAIDS	63,517	0			0
NET DEFERRED REFUNDING COSTS 17 E	378,336			378,336	378,336
NET DEFERRED REFUNDING COSTS 19 E	(11,391)			(11,391)	(11,391)
NET DEFERRED REFUNDING COSTS 21 E	(59,419)			(59,419)	(59,419)
PROPERTY AND EQUIPMENT	13,962,022			13,962,022	13,962,022
TOTAL ASSETS	19,200,706	4,300,204	596,494	14,269,548	19,166,246
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY					
ACCOUNTS PAYABLE	96,274	71,291	0		71,291
DEPOSITS, MISC LIABILITIES	0	0			0
ACCRUED INTEREST PAYABLE	18,519		0	18,519	18,519
BOND PREMIUM	0			0	0
GO BONDS SERIES 2017 (Noncallable)	6,140,000			6,140,000	6,140,000
GO BONDS SERIES 2019 (Callable 12-1-27)	1,730,000			1,730,000	1,730,000
GO BONDS SERIES 2021 (Callable 12-1-27)	1,650,000			1,650,000	1,650,000
TOTAL LIABILITIES	9,634,793	71,291	0	9,538,519	9,609,810
DEFERRED INFLOWS					
DEFERRED PROP TAX REV	1,812,321	620,985	273,156		894,141
DEFERRED PARKING LOT REV	10,831	0			0
FUND EQUITY					
INVESTMENT IN FIXED ASSETS NET OF RELATED DEBT	13,962,022			13,962,022	13,962,022
	(9,230,993)			(9,230,993)	(9,230,993)
FUND BALANCE-DESIGNATED FOR					
FUTURE YEAR'S EXPEND.	2,967,866	3,607,927			3,607,927
FUTURE DEBT SERVICE	43,867		323,338		323,338
TOTAL FUND EQUITY	7,742,761	3,607,927	323,338	4,731,029	8,662,294
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	19,200,706	4,300,204	596,494	14,269,548	19,166,246

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

ARROWHEAD METROPOLITAN DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE					MODIFIED ACCRUAL BASIS			
Actual, Budget and Forecast for the Periods Indicated					Printed: 05/19/22			
All Funds Combined	2021	2022 ANNUAL			2022 YTD			2023 Preliminary Budget
	Audited Actual	2022 Forecast	Adopted Budget	Variance Favorable (Unfavor)	4 Mo Ended 4/30/2022 Prelim Actual	4 Mo Ended 4/30/2022 Budget	Variance Favorable (Unfavor)	
ASSESSED VALUE	116,432,580	124,965,150	124,965,150					124,965,150
Mill Levy Rate	1% 17.000	7% 14.500	8% 14.500					0% 14.000
REVENUES								
Property Taxes	1,995,577	1,813,482	1,813,482	0	918,180	919,435	(1,255)	1,749,802
Sales Taxes (1 Mo Lag in Reporting)	761,337	1,000,000	721,000	279,000	407,987	201,880	206,107	1,030,000
Specific Ownership Taxes	108,518	86,647	86,647	0	25,094	21,662	3,433	83,777
Interest Income	22,979	17,826	51,278	(33,452)	6,973	17,093	(10,120)	19,116
Cons Trust Fund & Misc Income ('19=Ins C)	8,086	3,030	1,630	1,400	1,774	382	1,391	1,576
Water Tap Fees & Inclusion Fee	0	0	0	0	0	0	0	0
Parking Lot Expense Reimbursements	45,618	45,831	45,831	0	10,831	10,831	0	46,047
Transportation Reimbursement	0	0	0	0	0	0	0	0
Sale of Equipment	0	7,500	7,500	0	0	0	0	0
Total Revenues	2,942,115	2,974,315	2,727,367	246,948	1,370,838	1,171,283	199,556	2,930,318
EXPENDITURES	=	=	=	=	=	=	=	=
Municipal Svcs - VA Contract & Mtce Fac L	296,283	296,159	296,159	0	102,038	98,720	(3,318)	305,044
Road and Parking Lot Maintenance	67,557	60,069	60,069	0	5,064	20,670	15,606	61,871
General Repairs & Maintenance	56,459	46,062	46,062	0	4,829	5,295	465	47,444
General & Administrative	111,193	121,090	131,890	10,800	32,814	48,736	15,922	124,723
Treasurer's Collections Fees	59,924	54,404	54,404	0	27,548	27,583	35	52,494
Equipment Lease Purchase Payments	0	0	0	0	0	0	0	0
Other Debt Service	1,590	4,000	4,000	0	330	330	0	4,000
Contingency	0	75,000	75,000	0	0	0	0	77,250
Total w/o Transportation & DS	593,005	656,785	667,585	10,800	172,622	201,333	28,711	672,826
Total Transportation	226,271	278,668	302,234	23,566	273,669	302,234	28,565	287,028
Equipment Leases	0	0	0	0	0	0	0	0
Bond Interest	263,545	238,479	238,479	0	0	0	0	235,187
Bond Principal	815,000	845,000	845,000	0	0	0	0	925,000
Total Debt Service	1,078,545	1,083,479	1,083,479	0	0	0	0	1,160,187
Total Expenditures Before Cap	1,897,821	2,018,932	2,053,298	34,366	446,291	503,567	57,276	2,120,040
Rev Over/Under Expend Before Cap.	1,044,293	955,383	674,069	281,314	924,548	667,716	256,832	810,277
OTHER FINANCING SOURCES & (USES)								
Bond Proceeds	1,650,000	1,300,000	1,300,000	0	0	0	0	0
Bond Issue Costs	(29,930)	0	0	0	(118)	0	(118)	0
Capital Expenditures (Accelerated Plan)	(583,586)	(1,934,824)	(1,924,686)	(10,138)	(4,896)	(28,700)	23,804	(457,698)
Bond Defeasance/Redemption	(1,610,000)	0	0	0	0	0	0	0
Total Other Fin Sources & (Uses)	(573,516)	(634,824)	(624,686)	(10,138)	(5,015)	(28,700)	23,685	(457,698)
EXCESS REV OVER/UNDER EXPEND	470,777	320,559	49,383	271,176	919,533	639,016	280,517	352,580
Fund Balance - Beginning	2,540,955	3,011,732	2,871,664	140,068	3,011,732	2,871,664	140,068	3,332,291
Fund Balance - Ending	3,011,732	3,332,291	2,921,047	411,244	3,931,266	3,510,680	420,586	3,684,871

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District Debt Summary (Excluding Leases)

Total District Debt - Beginning of Year	10,295,000	9,520,000	9,520,000	0	10,295,000	9,520,000	(775,000)	9,975,000
Debt Issued	1,650,000	1,300,000	1,300,000	0	0	0	0	0
Debt Repaid	(2,425,000)	(845,000)	(845,000)	0	0	0	0	(925,000)
Total District Debt - End of Year	9,520,000	9,975,000	9,975,000	0	10,295,000	9,520,000	(775,000)	9,050,000

Summary of Mill Levies

Mill Levy - General Fund	10.074	10.074	10.074					10.074
- Debt Service	6.926	4.426	4.426					3.926
Total Mill Levy	17.000	14.500	14.500					14.000

Assessed Value - AMD	116,432,580	124,965,150			124,965,150	Incr (Decr)	0.0%	124,965,150
Actual Value - All Real Prop. in AMD	1,508,076,061	1,652,341,290			1,652,341,290	Incr (Decr)	0.0%	1,652,341,290

**ARROWHEAD METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

MODIFIED ACCRUAL BASIS

Actual, Budget and Forecast for the Periods Indicated

Printed: 05/19/22

GENERAL FUND	2021	2022 ANNUAL			Var Ref	2022 YTD			2023 Preliminary Budget
	Audited Actual	2022 Forecast	Adopted Budget	Variance Favorable (Unfavor)		4 Mo Ended 4/30/2022 Prelim Actual	4 Mo Ended 4/30/2022 Budget	Variance Favorable (Unfavor)	
REVENUES									
Assessed Value	116,432,580	124,965,150	124,965,150			116,432,580			124,965,150
AV of Exempt Personal Property		115,190	115,190						
AV Percent Increase	1%	7%	8%						0%
Operating Mill Levy Rate	10.074	10.074	10.074						10.074
Property Taxes	1,182,268	1,260,059	1,260,059	0	A	637,914	638,850	(937)	1,258,899
Sales Taxes (1 Mo Lag in Reporting)	761,337	1,000,000	721,000	279,000	J	407,987	201,880	206,107	1,030,000
Specific Ownership Taxes (On Autos)	64,291	61,743	61,743	0	B	17,432	15,436	1,996	61,686
Conserv Tr Fund	1,725	1,530	1,530	0	C	508	382	125	1,576
Water Tap Fees, Inclusion & Exclusion Fee	0			0	D	0	0	0	
Transportation Reimbursement	0			0	E	0	0	0	
Miscellaneous Income	6,361	1,500	100	1,400	F	1,266	0	1,266	
Parking Lot Expense Reimbursements	45,618	45,831	45,831	0		10,831	10,831	0	46,047
Sale of Equipment	0	7,500	7,500	0	H	0	0	0	0
Interest Income	19,447	14,839	45,406	(30,567)	G	6,573	15,135	(8,562)	16,442
Total Revenue	2,081,048	2,393,002	2,143,169	249,833		1,082,510	882,514	199,996	2,414,650
OPERATING EXPENDITURES				=					
Accounting & Administration	61,371	64,440	64,440	0	1	16,110	21,480	5,370	66,374
Election	0	1,200	12,000	10,800	2	700	7,200	6,500	1,236
Audit	6,800	7,100	7,100	0	3	0	0	0	7,313
Legal	8,749	8,111	8,111	0	4	1,777	2,704	927	8,355
Office Overhead & Expenses	10,379	11,575	11,575	0	5	1,209	1,425	216	11,922
Insurance	10,484	12,269	12,269	0	6	11,219	12,124	906	12,638
Mosquito Control	5,130	5,487	5,487	0	7	0	0	0	5,651
Directors Fees	5,400	5,500	5,500	0	8	1,800	2,000	200	5,665
Engineering - General	2,880	5,408	5,408	0	11	0	1,803	1,803	5,570
Total G&A	111,193	121,090	131,890	10,800		32,814	48,736	15,922	124,723
Eagle County Treasurers Fees	35,510	37,802	37,802	0	9	19,139	19,166	27	37,767
Service Contract Expense	177,124	172,279	172,279	0	12	62,719	57,426	(5,293)	177,447
Service Contract Management	68,662	69,905	69,905	0	12	22,487	23,302	815	72,002
Maintenance Facility Lease	50,496	53,975	53,975	0	27	16,832	17,992	1,160	55,594
Pond Maintenance	10,737	9,886	9,886	0	14	0	0	0	10,182
Wetlands Maintenance	3,790	3,578	3,578	0	15	0	0	0	3,685
Berm Maintenance	10,310	10,826	10,826	0	16	1,584	0	(1,584)	11,150
Repair - Vehicles & General	14,240	7,350	7,350	0	18	1,850	2,450	600	7,571
Utilities	8,807	9,423	9,423	0	25	697	1,178	481	9,706
Miscellaneous Expense (Sales Tax Project)	8,576	5,000	5,000	0	26	699	1,667	968	5,150
Parking Lot Direct Mtce Expense	2,627	5,306	5,306	0	17	1,792	2,835	1,044	5,465
Road Sweeping	0	1,260	1,260	0	19	0	0	0	1,298
Road & Drainage Repairs & Maintenance	64,930	53,503	53,503	0	20	3,272	17,834	14,562	55,108
Trans - Arrowhead Shuttle	189,915	196,732	214,364	17,632	21	196,732	214,364	17,632	202,634
Trans - Village to Village	33,550	35,866	36,013	147	22	35,866	36,013	147	36,942
Trans - BC Express Shuttle	1,163	44,628	48,263	3,635	23	39,628	48,263	8,635	45,967
Trans - Vail Ski Bus	1,643	1,442	3,594	2,152	24	1,442	3,594	2,152	1,485
Contingency - Operating	0	75,000	75,000	0	28	0	0	0	77,250
Total Operating Expenditures	793,273	914,850	949,216	34,366		437,552	494,819	57,267	941,127

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**ARROWHEAD METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

MODIFIED ACCRUAL BASIS

Actual, Budget and Forecast for the Periods Indicated

Printed: 05/19/22

GENERAL FUND	2021	2022 ANNUAL			Var Ref	2022 YTD			2023 Preliminary Budget
	Audited Actual	2022 Forecast	Adopted Budget	Variance Favorable (Unfavor)		4 Mo Ended 4/30/2022 Prelim Actual	4 Mo Ended 4/30/2022 Budget	Variance Favorable (Unfavor)	
CAPITAL EXPENDITURES									
BOND COST OF ISSUANCE		50,000	50,000	0			0	0	
GUARDRAILS (Capital Projects)	16,875			0	40	0	0	0	
PARKING LOT SEAL COAT	0			0	41	0	0	0	28,000
PARKING LOT OVERLAY (Capital Projects)	0		0	0	42	0	0	0	0
LIGHTING PROJECT (AVA)	99,617	41,100	41,100	0	43	0	13,700	13,700	
ROAD OVERLAYS - CONSTRUCTION	399,339	470,616	470,616	0	44	821	2,500	1,679	379,698
US 6 ROUNDABOUT	64,915	1,250,000	1,250,000	0	46	4,075	12,500	8,425	
EQUIPMENT	2,840	73,108	62,970	(10,138)	47	0	0	0	0
Trucks	0	0	0	0	50	0	0	0	0
TRANSPORTATION BUS	0	0	0	0	52	0	0	0	0
CAPITAL CONTINGENCY/UNIDENTIFIED		50,000	50,000	0	60		0	0	50,000
Total Capital Expenditures	583,586	1,934,824	1,924,686	(10,138)		4,896	28,700	23,804	457,698
Total Expenditures	1,376,858	2,849,674	2,873,902	24,228		442,448	523,519	81,071	1,398,824
Revenue Over (Under) Expenditures	704,189	(456,672)	(730,734)	274,061		640,062	358,995	281,067	1,015,826
OTHER FINANCING SOURCES AND (USES)									
BOND PROCEEDS & PREMIUM		1,300,000	1,300,000	0			0	0	
XFER TO D/S FUND	(243,482)	(522,769)	(519,883)	(2,886)		0	0	0	(663,246)
Total Other Financing	(243,482)	777,231	780,117	(2,886)		0	0	0	(663,246)
FUND BALANCE - BEGINNING	2,507,158	2,967,866	2,837,867	129,999	X	2,967,866	2,837,867	129,999	3,288,425
FUND BALANCE - ENDING	2,967,866	3,288,425	2,887,250	401,174		3,607,927	3,196,862	411,065	3,641,004

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**ARROWHEAD METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

MODIFIED ACCRUAL BASIS

Actual, Budget and Forecast for the Periods Indicated

Printed: 05/19/22

DEBT SERVICE FUND	2021	2022 ANNUAL			Var Ref	2022 YTD			2023 Preliminary Budget
	Audited Actual	2022 Forecast	Adopted Budget	Variance Favorable (Unfavor)		4 Mo Ended 4/30/2022 Prelim Actual	4 Mo Ended 4/30/2022 Budget	Variance Favorable (Unfavor)	
REVENUES									
Assessed Value	116,432,580	124,965,150	124,965,150						124,965,150
Excluded Property Assessed Value	69,701	73,780	73,780						73,780
Debt Service Mill Levy Rate	6.926	4.426	4.426						3.926
Property Taxes	813,309	553,422	553,422	0	AA	280,267	280,585	(319)	490,903
Specific Ownership (Auto) Taxes	44,226	24,904	24,904	0	BB	7,662	6,226	1,436	22,091
Interest Income	3,532	2,986	5,872	(2,886)	CC	400	1,957	(1,558)	2,674
Total Revenues	861,067	581,313	584,199	(2,886)		288,329	288,769	(440)	515,667
EXPENDITURES									
2001/2011/2021 Bond Interest	62,396	39,930	39,930	0	DD	0	0	0	39,930
2017 Bond Interest	155,720	140,606	140,606	0	FF	0	0	0	124,920
2019 Bond Interest	45,429	41,693	41,693	0	RR	0	0	0	37,837
2022 Bond Interest (2.5%)		16,250	16,250	0					32,500
2001/2011/2021 Bond Principal	0	0	0	0	GG	0	0	0	150,000
2017 Bond Principal	660,000	685,000	685,000	0	II	0	0	0	555,000
2019 Bond Principal	155,000	160,000	160,000	0	SS	0	0	0	140,000
2022 Bond Principal									80,000
Eagle County Treasurers Fees	24,414	16,603	16,603	0	JJ	8,409	8,418	9	14,727
Bond Paying Agent Fees & Contingency	1,590	4,000	4,000	0	KK	330	330	0	4,000
TOTAL EXPENDITURES	1,104,549	1,104,082	1,104,082	0		8,739	8,748	9	1,178,914
REVENUE OVER (UNDER) EXP	(243,482)	(522,769)	(519,883)	(2,886)		279,590	280,021	(431)	(663,246)
OTHER FINANCING SOURCES (USES)									
Bond Proceeds & Premium	1,650,000		0	0	MM	0	0	0	0
Bond Issuance Costs	(29,930)		0	0	NN	(118)	0	(118)	0
Transfer from General Fund	243,482	522,769	519,883	2,886	OO	0	0	0	663,246
Bond Defeasance/Redemption	(1,610,000)			0	PP	0	0	0	
TOTAL OTHER FINANCING	253,551	522,769	519,883	2,886		(118)	0	(118)	663,246
FUND BALANCE - BEGINNING	33,797	43,867	33,797	10,070	Y	43,867	33,797	10,070	43,867
FUND BALANCE - ENDING	43,867	43,867	33,797	10,070		323,338	313,818	9,520	43,867
Summary of GO Debt									
GO Bond Debt-Beginning	10,295,000	9,520,000	9,520,000	0		10,295,000	9,520,000	(775,000)	9,975,000
GO Debt Issued, Net	1,650,000	1,300,000	1,300,000	0		0	0	0	0
GO Debt Repaid	(2,425,000)	(845,000)	(845,000)	0		0	0	0	(925,000)
GO Debt - Ending	9,520,000	9,975,000	9,975,000	0		10,295,000	9,520,000	(775,000)	9,050,000
GO Debt to AV Ratio	8.18%	7.98%	7.98%						7.24%

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

ARROWHEAD METROPOLITAN DISTRICT BOND AMORTIZATION SCHEDULE										
	2021 Bonds (Taxable, Callable 12/27)			2017 Bonds (Non-Callable)			2019 Bonds (Callable 12/27)			All Bonds
Year	Principal	Int Rate	Annual Interest	Principal	Int Rate	Annual Interest	Principal	Interest Rate	Annual Interest	Total P&I
2022	0		39,930	685,000	2.29%	140,606	160,000	2.41%	41,693	1,067,229
2023	150,000	2.42%	39,930	555,000	2.29%	124,920	140,000	2.41%	37,837	1,047,687
2024	160,000	2.42%	36,300	565,000	2.29%	112,210	140,000	2.41%	34,463	1,047,973
2025	165,000	2.42%	32,428	580,000	2.29%	99,272	140,000	2.41%	31,089	1,047,789
2026	170,000	2.42%	28,435	595,000	2.29%	85,990	140,000	2.41%	27,715	1,047,140
2027	175,000	2.42%	24,321	605,000	2.29%	72,364	150,000	2.41%	24,341	1,051,026
2028	185,000	2.42%	20,086	615,000	2.29%	58,510	155,000	2.41%	20,726	1,054,322
2029	190,000	2.42%	15,609	635,000	2.29%	44,426	160,000	2.41%	16,991	1,062,026
2030	200,000	2.42%	11,011	645,000	2.29%	29,885	170,000	2.41%	13,135	1,069,030
2031	215,000	2.42%	6,171	660,000	2.29%	15,114	175,000	2.41%	9,038	1,080,323
2032	40,000	2.42%	968	0		0	200,000	2.41%	4,820	245,788
Total	1,650,000		255,189	6,140,000		783,295	1,730,000		261,847	10,820,330



Metropolitan District

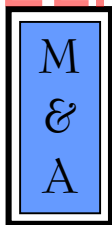
Financial Statements

December 31, 2021

**Arrowhead Metropolitan District
Financial Statements
December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Arrowhead Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Arrowhead Metropolitan District (the "District"), as of and for the year ended December 31, 2021, 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, 2021 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.

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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

**INDEPENDENT AUDITORS REPORT
To the Board of Directors
Arrowhead Metropolitan District**

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

Accounting principles generally accepted in the United States of America 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 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.

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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the 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.

*To the Board of Directors
Arrowhead Metropolitan District*

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 Bond Obligations and Interest Requirements to Maturity, and Summary of Assessed Valuation, Mill Levy and Property Tax Collections, 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 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 financial statements as a whole.

McMahan and Associates, L.L.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARROWHEAD METROPOLITAN DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2021

This management's discussion and analysis of the Arrowhead Metropolitan District's financial statements provides an overview of the District's financial activities for the fiscal year ended December 31, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

Government-wide Statements

The government-wide statements consist of the Statement of Net position and the Statement of Activities. These statements report information about the District as a whole and include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. The District's net position—the difference between assets, deferred outflows, liabilities and deferred inflows— is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the infrastructure, are needed to assess the *overall health* of the District.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. The District's major governmental funds include the General Fund and the Debt Service Fund. Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental funds – The District's activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The funds are reported using an accounting method called *modified accrual* accounting,

ARROWHEAD METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net position and the Statement of Activities) and governmental *funds* is provided in reconciliations following the fund financial statements.

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the fiscal years 2021 and 2020.

	<u>2021</u>	<u>2020</u>
<u>Assets and Deferred Outflows:</u>		
Current and Other Assets	\$4,920,328	\$4,614,723
Capital Assets, Net	13,962,023	14,285,682
Deferred charge on refunding	378,336	453,549
Total Assets and Deferred Outflows	19,260,687	19,353,954
<u>Liabilities:</u>		
Current Liabilities	114,792	115,890
Long-Term Obligations:		
Due within One Year	845,000	815,000
Due in More Than One Year	8,675,000	9,539,419
Total Liabilities	9,634,792	10,470,309
<u>Deferred Inflows:</u>		
Unavailable Property Taxes	1,812,321	1,979,839
Deferred Gain of Refunding	70,810	13,367
Total Deferred Inflows of Revenue	1,883,131	1,993,206
<u>Net Position:</u>		
Net Investment in Capital Assets, net of related debt	4,442,023	3,931,263
Restricted for Emergencies	48,610	33,797
Restricted for Debt Service	43,867	37,820
Unrestricted	3,208,264	2,887,559
Total Net Position	\$7,742,764	\$6,890,439

The District's primary assets are the capital assets which have been financed with bonds. Net position of the District increased by \$852,325 in 2021, due to increased revenue from sales tax and repayment of the District's bond debt more rapidly than the acquired assets are being depreciated.

ARROWHEAD METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

Statement of Activities

The perspective of the Statement of Activities is of the District as a whole. The Statement of Activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting the cost of the services. The following detail reflects the total cost of services supported by program revenues and general property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2021 and 2020.

	<u>2021</u>	<u>2020</u>
<u>Revenues:</u>		
General Revenues:		
Taxes	\$2,865,431	\$2,275,489
Interest Income	22,980	39,674
Other Miscellaneous	53,705	55,762
Program Revenues:		
Charges for Services		
Total Revenues	2,942,116	2,370,925
<u>Program Expenses:</u>		
General Government	171,118	182,180
Public Works	1,291,380	682,428
Transportation	262,435	479,117
Interest on Long-Term Debt	364,858	356,316
Total Expenses	2,089,791	1,700,041
Change in Net Position	852,325	670,884
Net position– beginning of year	6,890,439	6,219,555
Net position– end of year	\$7,742,764	\$6,890,439

The District’s primary source of revenues is property taxes. The District implemented a 5.0% sales tax on July 1, 2021 on sales of tangible personal property and short term rentals of less than 30 days within Arrowhead. These revenues are used to pay the cost of operating and maintaining the District as well as to pay the District’s debt service obligations. The District operated at a surplus in both 2021 and 2020 and the operating surplus has been used to pay a portion of the principal on the District’s bond debt as well as accelerate road maintenance and fund improvements.

THE DISTRICT’S FUNDS

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The fund level financial statements are reported on the modified accrual basis of accounting.

ARROWHEAD METROPOLITAN DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2021

At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from \$2,507,160 to \$2,967,867 during the fiscal year ended December 31, 2021. This is mainly due to operating at a surplus for the year resulting from sales tax receipts and the District not needing to spend funds budgeted for contingencies.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget comparison is reflected on page E1 of this report. It shows that during 2021 the District earned \$408,491 more in revenues than budgeted, mostly due to more sales tax being collected as compared to budgeted. The District did not expend all the funds budgeted for operating contingency, capital expenditures, and transportation due to challenges related to the Covid-19 pandemic recovery. Overall the District spent \$296,403 less than was budgeted in the General Fund.

DEBT SERVICE FUND BUDGETARY HIGHLIGHTS

The Debt Service Fund budget comparison is reflected on page F1 of this report. The comparison shows no significant budget variances in the Debt Service Fund.

CAPITAL ASSETS

At the beginning of 2021, the District had a total of \$22,809,592 invested in capital assets. During 2021, the District invested an additional \$163,813 in capital assets before accumulated depreciation, bringing the total to \$22,973,405. The detailed capital asset categories can be seen in *Note III (B), Capital Assets* on page D10 of this report.

DEBT ADMINISTRATION

The District issued \$1,650,000 General Obligation Refunding Bonds in December of 2021 for the purpose of refunding the outstanding General Obligation Refunding Bonds, Series 2011 resulting in a net present value economic gain of \$100,912 over the life of the Bonds. The District paid down the outstanding balance of its long-term debt by \$2,484,419 (primarily using the proceeds of the refunding bonds) during 2021 resulting in an outstanding balance of \$9,520,000 at December 31, 2021. See *Note 4III (C) – Long-term Debt* on page D10 through D12 of this report for a detail of the terms and the annual requirements to amortize the District's long-term debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the Arrowhead Metropolitan District Manager, c/o Marchetti & Weaver, LLC., 28 2nd St Unit 213, Edwards, CO 81632, Telephone (970) 926-6060, email: admin@mwcpaa.com.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Arrowhead Metropolitan District
Statement of Net Position
December 31, 2021**

Assets:	
Cash and cash equivalents	2,853,973
Amounts due from Eagle County	22,766
Property taxes receivable	1,812,321
Sales tax receivable	166,407
Other receivables	1,344
Prepaid expenses	63,517
Capital assets, net	<u>13,962,023</u>
Total Assets	<u>18,882,351</u>
Deferred Outflow of Resources:	
Deferred charge on refunding	<u>378,336</u>
Total Deferred Outflow of Resources	<u>378,336</u>
Liabilities:	
Current liabilities due in less than one year:	
Accounts payable	96,273
Accrued expenses	18,519
Bonds payable	845,000
Non-current liabilities due in excess of one year:	
Bonds payable	<u>8,675,000</u>
Total Liabilities	<u>9,634,792</u>
Deferred Inflow of Resources:	
Property tax revenue	1,812,321
Deferred gain on refunding	<u>70,810</u>
Total Deferred Inflow of Resources	<u>1,883,131</u>
Net Position:	
Net investment in capital assets	4,442,023
Restricted for debt service	43,867
Restricted for emergencies	48,610
Unrestricted	<u>3,208,264</u>
Total Net Position	<u>7,742,764</u>

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

**Arrowhead Metropolitan District
Statement of Activities
For the Year Ended December 31, 2021**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
General government	171,118	-	-	-	(171,118)
Public works	1,291,380	-	-	-	(1,291,380)
Transportation	262,435	-	-	-	(262,435)
Interest	364,858	-	-	-	(364,858)
Total primary government	2,089,791	-	-	-	(2,089,791)
General revenues:					
Taxes:					
Property tax					1,995,577
Specific ownership tax					108,517
Sales tax					761,337
Other income					53,705
Interest income					22,980
Total General Revenues					2,942,116
Change in Net Position					852,325
Net Position - Beginning					6,890,439
Net Position - Ending					7,742,764

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

FUND FINANCIAL STATEMENTS

**Arrowhead Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2021**

	General	Debt Service	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	2,819,382	34,591	2,853,973
Amounts due from Eagle County	13,490	9,276	22,766
Property taxes receivable	1,258,899	553,422	1,812,321
Sales tax receivable	166,407	-	166,407
Other receivables	1,344	-	1,344
Prepaid expenses	63,517	-	63,517
Total Assets	4,323,039	597,289	4,920,328
 Liabilities, Deferred Inflow of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	96,273	-	96,273
Total Liabilities	96,273	-	96,273
 Deferred Inflow of Resources:			
Unavailable property tax revenue	1,258,899	553,422	1,812,321
Total Deferred Inflow of Resources	1,258,899	553,422	1,812,321
 Fund Balances:			
Nonspendable	63,517	-	63,517
Restricted for debt service	-	43,867	43,867
Restricted for emergencies	48,610	-	48,610
Unassigned	2,855,740	-	2,855,740
Total Fund Balances	2,967,867	43,867	3,011,734
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	4,323,039	597,289	4,920,328

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

**Arrowhead Metropolitan District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021**

Governmental Funds Total Fund Balance		3,011,734
<p>Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds. Details of these amounts are as follows:</p>		
Capital assets	22,973,405	
Accumulated depreciation	<u>(9,011,382)</u>	13,962,023
<p>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.</p>		
		378,336
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:</p>		
Bonds payable	(9,520,000)	
Accrued interest payable	<u>(18,519)</u>	(9,538,519)
<p>Deferred inflows are not available for current period revenues and therefore, are not reported in the funds. This represents the District's deferred gain on refunding.</p>		
		<u>(70,810)</u>
Net Position of Governmental Activities		<u><u>7,742,764</u></u>

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

**Arrowhead Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021**

	General	Debt Service	Total Governmental Funds
Revenues:			
Property and specific ownership taxes	1,246,559	857,535	2,104,094
Sales tax	761,337	-	761,337
Interest	19,448	3,532	22,980
Charges for services	45,618	-	45,618
Lottery proceeds	1,725	-	1,725
Other income	6,362	-	6,362
Total Revenues	2,081,049	861,067	2,942,116
Expenditures:			
General government	146,704	26,004	172,708
Public works	420,299	-	420,299
Transportation	226,271	-	226,271
Debt service			
Principal	-	815,000	815,000
Interest and fiscal charges	-	263,545	263,545
Bond issuance costs	-	29,930	29,930
Capital outlay	583,586	-	583,586
Total Expenditures	1,376,860	1,134,479	2,511,339
Excess (Deficiency) of Revenues over Expenditures	704,189	(273,412)	430,777
Other Financial Sources (Uses):			
Refunding bond proceeds	-	1,650,000	1,650,000
Payment to refunded bond escrow agent	-	(1,610,000)	(1,610,000)
Transfers in (out)	(243,482)	243,482	-
Total Other Financing Sources (Uses)	(243,482)	283,482	40,000
Net Change in Fund Balances	460,707	10,070	470,777
Fund Balances - Beginning	2,507,160	33,797	2,540,957
Fund Balances - Ending	2,967,867	43,867	3,011,734

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