

Cordillera Valley Club Metropolitan District

Financial Statements
with Independent Auditor's Report

December 31, 2023



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Cordillera Valley Club Metropolitan District

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December 31, 2023

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Directors
Cordillera Valley Club Metropolitan District
Edwards, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Cordillera Valley Club Metropolitan District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 required supplementary information listed in the table of contents 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 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

Management is responsible for the other information included in the annual report. The other information comprises the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Hick & Company, PC

Englewood, Colorado
June 18, 2024



Cordillera Valley Club Metropolitan District

Management's Discussion and Analysis

December 31, 2023

As management of Cordillera Valley Club 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, 2023.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise 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, deferred outflows, liabilities, and deferred inflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The governmental activity of the District is primarily operating and maintaining the roads within the District. There are no business-type activities within the District. The government-wide financial statements can be found on pages 4 - 5 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 the General Fund which is a governmental fund.

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. The governmental fund financial statements can be found on pages 6 and 7 of this report.

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. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 beginning on page 9 of this report.

Supplementary Information: Supplementary information is contained on page 21 and provides information on the District's budget and actual expense comparison and historic assessed value and property taxes

levied.

Government-wide Financial Analysis: The District's primary source of revenue is property taxes. The property taxes levied by the District in 2022 are payable by the property owners in 2023. During 2023, the District also obtained funding from real estate transfer assessments collected through Cordillera Valley Club Property Owners Association (Association) which was used to cover a portion of the cost of providing public safety services and certain capital expenditures. The Association also made a capital contribution which was used to pay a portion of the cost of the berm construction.

The following table shows condensed financial information derived from the government-wide financial statements of the District which compares 2023 to 2022:

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$2,205,520	\$2,010,536
Capital assets	<u>4,169,393</u>	<u>4,237,363</u>
Total assets	\$6,374,913	\$6,247,899
Liabilities:		
Current liabilities	\$26,495	\$36,560
Long-term liabilities	<u>1,252,527</u>	<u>1,347,527</u>
Total liabilities	\$1,279,022	\$1,384,087
Deferred Inflows:		
Property Taxes	\$568,662	\$564,586
Net position:		
Net invested in capital assets	\$2,926,728	\$2,889,836
Restricted for emergencies	19,666	13,656
Unrestricted	<u>1,590,697</u>	<u>1,407,299</u>
Total Net Position	<u>\$4,537,091</u>	<u>\$4,310,791</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$448,950	\$227,070
Capital grants and contributions	29,341	150,664
General revenues:		
Property taxes	564,586	540,969
Other taxes	32,365	29,194
Interest and other revenue	<u>58,574</u>	<u>13,874</u>
Total Revenues	\$655,525	\$584,037
Expenses:		
General government	\$70,191	\$73,194
Public safety	395,678	439,835
Community operations	247,076	365,229
Interest on long-term debt	33,009	35,466
Capital outlay expensed	<u>161,562</u>	<u> </u>
Total Expenses	<u>\$907,516</u>	<u>\$913,724</u>
Change in Net Position	\$226,300	\$48,047
Net Position – Beginning	4,310,791	4,262,744
Prior period adjustment (Note I)		
Net Position – Ending	<u>\$4,537,091</u>	<u>\$4,310,791</u>

Government-wide Financial Analysis (continued)

The District's overall financial position, as measured by net position, increased by \$226,300 during 2023. The increase is primarily attributable to very strong real estate transfer assessments which are collected through CVCPOA and contributed to the District, resulting in a surplus of revenues over expenditures in 2023.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental fund 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.

For the fiscal year, the District's fund balance increased \$200,611. This increase was primarily the result of real estate transfer revenue and capital expenditures. The fund balance at the end of the 2023 was \$1,612,816. Part of this fund balance is expected to be used for future debt service in an effort to keep the mill levy rate lower.

Budget Variances: The budget variance report is shown on page 21 of the report.

Capital Assets: The District invested in capital asset additions of \$183,961 during 2023 and recorded depreciation expenses of \$251,931. Additional information can be found in the Notes to the Financial Statement on page 17 of this report.

Long-term Debt: The District's long-term debt outstanding at the beginning of the year was \$1,347,527 and debt was paid down by \$95,000 during the year resulting in an ending balance of \$1,252,527. Additional information can be found in the Notes to the Financial Statements on page 18 of this report.

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

Basic Financial Statements

Cordillera Valley Club Metropolitan District
Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 1,594,824
Due from County Treasurer	2,364
Property Taxes Receivable	568,662
Accounts Receivable	33,160
Prepaid Expenses	6,510
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>4,169,393</u>
Total Assets	<u>6,374,913</u>
Deferred Outflows of Resources	
Loss on Debt Refunding	<u>9,862</u>
Total Deferred Outflows of Resources	<u>9,862</u>
Liabilities	
Accounts Payable	24,042
Accrued Interest	2,453
Noncurrent Liabilities	
Due within One Year	100,000
Due in More Than One Year	<u>1,152,527</u>
Total Liabilities	<u>1,279,022</u>
Deferred Inflows of Resources	
Deferred Property Taxes	<u>568,662</u>
Total Deferred Inflows of Resources	<u>568,662</u>
Net Position	
Net investment in capital assets	2,926,728
Restricted	19,666
Unrestricted	<u>1,590,697</u>
Total Net Position	<u>\$ 4,537,091</u>

Cordillera Valley Club Metropolitan District
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary Government				
<i>Governmental Activities</i>				
General Government	\$ 70,191	\$ -	\$ -	\$ (70,191)
Public Safety	395,678	448,950	29,341	82,613
Community Operations	247,076	-	-	(247,076)
Interest on Long-Term Debt	33,009	-	-	(33,009)
Capital Outlay Expensed	161,562	-	-	(161,562)
Total Governmental Activities	<u>\$ 907,516</u>	<u>\$ 448,950</u>	<u>\$ 29,341</u>	(429,225)
General Revenues				
Property Tax				564,586
Specific Ownership Tax				32,365
Investment Income				53,610
Other				<u>4,964</u>
Total General Revenues and Transfers				<u>655,525</u>
Change in Net Position				226,300
Net Position, Beginning of Year				<u>4,310,791</u>
Net Position, End of Year				<u>\$ 4,537,091</u>

Cordillera Valley Club Metropolitan District
 Balance Sheet
 Governmental Fund
 December 31, 2023

	General
Assets	
Cash and Investments	\$ 1,594,824
Due from County Treasurer	2,364
Property Taxes Receivable	568,662
Accounts Receivable	33,160
Prepaid Expenses	6,510
Total Assets	\$ 2,205,520
Liabilities Deferred Inflows and Fund Balance	
<i>Liabilities</i>	
Accounts Payable	\$ 24,042
Total Liabilities	24,042
<i>Deferred Inflows</i>	
Deferred Property Taxes	568,662
<i>Fund Balance</i>	
Nonspendable	6,510
Restricted	19,666
Unrestricted, Unassigned	1,586,640
Total Fund Balance	1,612,816
Total Liabilities, Deferred Inflows and Fund Balance	\$ 2,205,520
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Funds	\$ 1,612,816
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	4,169,393
Other long-term assets are not financial resources and, therefore, are not reported in the funds.	
Loss on Debt Refunding	9,862
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Bond Payable	(1,252,527)
Accrued Interest	(2,453)
Total Net Position	\$ 4,537,091

See Notes to the Financial Statements.

Cordillera Valley Club Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2023

	General
Revenues	
Taxes	\$ 596,951
Interest Income	53,610
Contributions from CVCPOA	478,291
Other	4,964
Total Revenues	1,133,816
Expenditures	
General Government	70,191
Public Safety	383,477
Community Operations	191,307
Debt Service	
Principal	95,000
Interest	31,668
Capital Outlay	161,562
Total Expenditures	933,205
Net Change in Fund Balance	200,611
Fund Balance, <i>Beginning of Year</i>	1,412,205
Fund Balance, <i>End of Year</i>	\$ 1,612,816

Cordillera Valley Club Metropolitan District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities For the Year Ended December 31, 2023

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

Net Change in Fund Balance of the Governmental Funds	\$ 200,611
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.	
Capital Outlay	183,961
Depreciation expense	(251,931)
The repayment of bond principal and capital lease obligations is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
Bond principal	95,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:	
Accrued interest payable	362
Amortization of loss on debt refunding	<u>(1,703)</u>
Change in Net Position of Governmental Activities	<u>\$ 226,300</u>

Cordillera Valley Club Metropolitan District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies

Cordillera Valley Club Metropolitan District (the District) was established on January 1, 2003 as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed primarily to finance, construct, operate, and maintain the basic public infrastructure as well as parks and recreation facilities and other improvements within the District's boundaries in Eagle County, Colorado.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. 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.

Reporting Entity

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

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

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

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.

The District's basic financial statements include both the a) government-wide and b) fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District has only one fund, the General Fund, which is a governmental fund. The District uses funds to maintain its financial records during the year.

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows as well as deferred inflows, long-term debt and obligations. The District's net position is reported as net investment in capital assets, restricted for emergencies, and unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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.

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 balance, revenues and expenditures.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Cordillera Valley Club Metropolitan District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Taxes and interest associated with the current year are considered susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the District.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for a specific use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental fund:

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - Cash and cash equivalents include investments with original maturities of three months or less.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses using the consumption method.

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at an estimated fair value at the date of donation. Construction in progress is not depreciated until the construction is completed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	40 years
Landscape improvements	15 years
Equipment	7 years
Vehicles	7 years

Deferred Inflows of Resources - Property taxes earned but levied for a subsequent year are reported as deferred inflows of resources in the financial statements.

Long Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Directors approves a resolution that places constraints on the use of resources for a specific purpose. Assigned fund balances arise from an informal action of the Board of Directors.

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 inventory) 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.

Cordillera Valley Club Metropolitan District

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- *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.

The District's policy is to first apply the expenditure toward restricted fund balance and then to committed or assigned fund balances before using unassigned fund balances.

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

Property Taxes

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

Taxes levied in one year are collected in the succeeding years. Thus, taxes certified in 2023 will be collected in 2024. Taxes are due on January 1 in the year of the collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15.

Stewardship, Compliance and Accountability

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

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Stewardship, Compliance and Accountability (Continued)

After adoption of the budget resolution, the District may make the following change: 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. The District did not amend its annual budget for supplemental appropriations during the year ended December 31, 2023.

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

1. For the 2023 budget year, prior to August 25, 2022 the County Assessor sent the District the certified assessed valuation of all table property within the District's boundaries. The County assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. On or before October 20, 2022, the District's accountant submitted to the District Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
4. Prior to December 15, 2022, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes are computed in the proposed 2023 budget.
5. For the 2023 budget, the budget and appropriation resolution was adopted prior to December 31, 2022.

During the year ended December 31, 2023 actual expenditures exceeded appropriations which may be a violation of State statutes Budgets and Compliance and Accounting in the fall of each year, the District's Broad of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Subsequent Events

We have evaluated subsequent events through June 18, 2024 the date the financial statements were available to be issued.

Cordillera Valley Club Metropolitan District

Notes to Financial Statements

December 31, 2023

Note 2: Cash And Investments

Cash Deposits

Cash and investments as of December 31, 2023 consist of the following:

Deposits	\$	465,630
Investments		<u>1,129,194</u>
Total cash and investments	\$	<u><u>1,594,824</u></u>

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the District had bank deposits of \$215,630 collateralized with securities held by the financial institution's agent but not in the District's name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the District may invest, which include the following:

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

State statutes do not address custodial risk.

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 2: Cash And Investments (Continued)

Investments (Continued)

The District had the following investments as of December 31, 2023:

Investment	Maturity	Rating	Level 1	Level 2	Level 3	Total
Certificates of Deposit	Less than 1 year	N/A	\$ -	\$ 299,667	\$ -	\$ 299,667
Certificates of Deposit	1 to 5 years	N/A	-	300,333	-	300,333
Colotrust Plus+	N/A	Aam	<u>529,194</u>	<u>-</u>	<u>-</u>	<u>529,194</u>
Total			<u>\$ 529,194</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 1,129,194</u>

Fair Value Measurements - The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2023, the District's investments in Certificates of Deposit securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). The District's investments in local government investment pools were measured at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations.

Local Government Investment Pools - As December 31, 2023, the District had \$529,194 invested in the Colorado Local Government Liquid Assets Trust (Colotrust) (the Trust). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust is rated AAAM by Standard & Poor's. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer, except for corporate securities.

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2023, is summarized as follows:

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
<i>Capital Assets, Being Depreciated</i>				
Landscape improvement	\$ 2,756,237	\$ 58,643	\$ -	\$ 2,814,880
Landscape design and entitlement	655,741	-	-	655,741
Equipment	121,626	8,857	-	130,483
Infrastructure	3,597,095	99,919	-	3,697,014
Gate House	88,760	16,542	-	105,302
	<u>7,219,459</u>	<u>183,961</u>	<u>-</u>	<u>7,403,420</u>
<i>Total Capital Assets, Being Depreciated</i>				
Less Accumulated Depreciation				
Landscape improvement	(1,053,838)	(144,128)	-	(1,197,966)
Landscape design and entitlement	(655,741)	-	-	(655,741)
Equipment	(101,724)	(7,816)	-	(109,540)
Infrastructure	(1,126,980)	(95,604)	-	(1,222,584)
Gate House	(43,813)	(4,383)	-	(48,196)
	<u>(2,982,096)</u>	<u>(251,931)</u>	<u>-</u>	<u>(3,234,027)</u>
<i>Total Accumulated Depreciation</i>				
<i>Total Capital Assets, Being Depreciated, net</i>	<u>4,237,363</u>	<u>(67,970)</u>	<u>-</u>	<u>4,169,393</u>
<i>Total Capital Assets, net</i>	<u>\$ 4,237,363</u>	<u>\$ (67,970)</u>	<u>\$ -</u>	<u>\$ 4,169,393</u>

Depreciation expense was charged to programs of the District as follows:

	Total
Community Operations	\$ 239,730
Public Safety	<u>12,201</u>
Total	\$ <u>251,931</u>

Note 4: Risk Management

The District is exposed to various risks of loss related to torts, thefts of damages to, or destruction of assets, errors or omissions of injuries to employees. The District is insured for such risks as members of the Colorado Special District Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three financial years.

Cordillera Valley Club Metropolitan District

Notes to Financial Statements

December 31, 2023

Note 4: Risk Management (Continued)

The District pays annual premiums to the Pool for liability, property, and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and the funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for the purpose of the Pool may be returned to the members pursuant to a distribution formula.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2023 (latest information available) is as follows:

Assets		\$ <u>69,212,177</u>
Liabilities		\$ 45,329,704
Capital Surplus		<u>23,882,473</u>
Total		\$ <u>69,212,177</u>
Revenues		\$ 27,064,468
Investment income and other		<u>462,530</u>
Total Revenue		27,526,998
Expenses		25,447,966
Excess of Revenue over (under) expenses		<u>\$ 2,079,032</u>

Note 5: Long-Term Debt

In 2020 the District issued the Taxable Series 2020 General Obligation Bonds, to refund the 2018 Series Note. The interest rate on the bonds is fixed at 2.35% with interest payments due June 1 and December 1 of every year commencing June 1, 2021 through December 1, 2037. Principal payments are due December 1 of every year commencing on December 1, 2021.

The 2020 refunding reduced total debt service payments over the subsequent 16 years by \$459,623. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$343,562.

The loan requires payments as follows:

	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Due Within One Year
Taxable Series 2020 General Obligation Refunding Bonds	\$ <u>1,347,527</u>	\$ -	\$ (95,000)	\$ <u>1,252,527</u>	\$ <u>100,000</u>
Total	\$ <u>1,347,527</u>	\$ -	\$ (95,000)	\$ <u>1,252,527</u>	\$ <u>100,000</u>

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 5: Long-Term Debt (Continued)

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2023

December 31, 2023	Principal	Interest	Total
2024	\$ 100,000	\$ 29,434	\$ 129,434
2025	105,000	27,084	132,084
2026	105,000	24,617	129,617
2027	110,000	22,149	132,149
2028	110,000	19,564	129,564
2029 - 2033	595,000	57,519	652,519
2034	127,527	2,997	130,524
	<u>\$ 1,252,527</u>	<u>\$ 183,364</u>	<u>\$ 1,435,891</u>

Note 6: Commitments and Contingencies

Litigation

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 level representatives have disclosed that there are no material outstanding claims against the District at December 31, 2023.

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 that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service, expenditure of bond proceeds and enterprise spending. The District has reserved \$13,656, which is the approximate required reserve at December 31, 2023.

Cordillera Valley Club Metropolitan District
Notes to Financial Statements
December 31, 2023

Note 6: Commitments and Contingencies (Continued)

TABOR Amendment (Continued)

On November 5, 2002, the District's voters approved taxes to be increased \$450,000 annually, or by such lesser amount as may be necessary to pay for the District's operations, maintenance, and other expenses. The voter approval also limited the mill levy to 25.000 mills. On November 8, 2016, the District's voters removed the \$450,000 cap, so that property taxes are now only limited by the 25.000 mills. All tax increases constitute voter-approved revenue changes and are to be collected and spent by the District.

Note 7: Agreement with Cordillera Valley Club Property Owners

The District entered into an agreement with Cordillera Valley Club Property Owners Association (CVCPOA) on October 1, 2011, whereby the District is to provide Security Services pursuant to the Protective Covenants as set forth in the agreement. The funds necessary to provide the Security Services are derived from the District's power to raise funds within its boundaries through fees, charges and ad valorem taxes and through contributions from CVCPOA as the parties consider necessary. The term of the agreement commenced on October 1, 2011 and allows for renewal terms each year.

Three of the District's board members serve as members of the executive board of CVCPOA. During the year ended December 31, 2023, contributions and fees from CVCPOA were \$478,291. CVCPOA owed the District \$33,160 as of December 31, 2023.

Required Supplementary Information

Cordillera Valley Club Metropolitan District
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
Property Taxes	\$ 564,587	\$ 564,586	\$ (1)
Specific Ownership Tax	28,229	32,365	4,136
Contributions From CVCPOA	200,000	478,291	278,291
Interest Income Operating	48,048	53,610	5,562
Other Income	500	4,964	4,464
Total Revenues	<u>841,364</u>	<u>1,133,816</u>	<u>292,452</u>
Expenditures			
General Government			
Administration and management	50,986	37,181	13,805
Office Expense	2,000	2,115	(115)
Insurance	6,335	5,237	1,098
Professional Fees	11,950	8,705	3,245
Treasurer's Fees	16,938	16,953	(15)
Public Safety	449,493	383,477	66,016
Community operations	165,071	191,307	(26,236)
Debt Service			
Principal	95,000	95,000	-
Interest	31,667	31,668	(1)
Capital Outlay	345,000	161,562	183,438
Contingency	25,000	-	25,000
Total Expenditures	<u>1,199,440</u>	<u>933,205</u>	<u>266,235</u>
Net Change in Fund Balance	(358,076)	200,611	558,687
Fund Balance, Beginning of Year	<u>1,372,796</u>	<u>1,412,205</u>	<u>(39,409)</u>
Fund Balance, End of Year	<u>\$ 1,014,720</u>	<u>\$ 1,612,816</u>	<u>\$ 598,096</u>

Other Information

Cordillera Valley Club Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
For the Year Ended December 31, 2023

Year Ending December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Levied	Collected	Percent Collected to Levied
2004	\$ 15,613,190	25.000	390,330	389,677	99.8%
2005	\$ 15,588,790	25.000	389,720	389,720	100.0%
2006	\$ 16,218,050	25.000	405,451	405,451	100.0%
2007	\$ 15,838,730	25.000	395,968	394,244	99.6%
2008	\$ 20,538,920	25.000	513,473	513,473	100.0%
2009	\$ 20,865,150	25.000	521,629	519,972	99.7%
2010	\$ 25,957,960	25.000	648,949	645,474	99.5%
2011	\$ 25,016,480	25.000	625,412	625,412	100.0%
2012	\$ 17,818,880	25.000	429,547	419,784	97.7%
2013	\$ 17,071,190	26.297	448,921	448,921	100.0%
2014	\$ 15,357,600	25.000	383,940	383,939	100.0%
2015	\$ 15,373,720	26.440	406,481	406,481	100.0%
2016	\$ 19,015,270	25.000	475,382	472,549	99.4%
2017	\$ 19,065,510	25.000	476,638	474,842	99.6%
2018	\$ 19,152,240	25.000	478,806	478,804	100.0%
2019	\$ 19,293,760	25.000	482,344	481,670	99.9%
2020	\$ 20,777,680	23.500	488,275	483,811	99.1%
2021	\$ 21,241,100	23.500	499,166	498,937	100.0%
2022	\$ 25,760,530	21.000	540,969	540,969	100.0%
2023	\$ 26,885,070	21.000	564,586	564,586	100.0%
2024	\$ 42,123,080	25.000	568,662	N/A	N/A

Note:

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