

**CORDILLERA VALLEY CLUB
METROPOLITAN DISTRICT**

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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**INDEPENDENT AUDITOR'S REPORT**

June 22, 2021

Board of Directors
Cordillera Valley Club Metropolitan District

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Cordillera Valley Club Metropolitan District as of December 31, 2020, and the respective changes in financial position



Board of Directors
June 22, 2021
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thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cordillera Valley Club Metropolitan District's basic financial statements. The property tax collections schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The property tax collections schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

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

Cordillera Valley Club Metropolitan District

Management's Discussion and Analysis

December 31, 2020

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, 2020.

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 6 and 7 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has 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 8 and 9 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 on pages 11 through 21 of this report.

Supplementary Information: Supplementary information is contained on page 22 and provides information on the District's 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 2019 are payable by the property owners in 2020. During 2020, the District also obtained funding from a real estate transfer assessment 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 2020 to 2019:

	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$1,798,672	\$1,661,124
Capital assets	<u>4,250,736</u>	<u>4,025,323</u>
Total assets	\$6,049,408	\$5,686,447
Liabilities:		
Current liabilities	\$140,947	\$19,336
Long-term liabilities	<u>1,532,527</u>	<u>1,592,696</u>
Total liabilities	\$1,673,474	\$1,612,032
Deferred Inflows:		
Property Taxes	\$499,166	\$488,275
Net position:		
Net invested in capital assets	\$2,718,209	\$2,432,627
Restricted for emergencies	11,299	11,671
Unrestricted	<u>1,177,910</u>	<u>1,141,842</u>
Total Net Position	<u>\$3,907,418</u>	<u>\$3,586,140</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$500,726	\$565,881
Capital grants and contributions	261,067	208,330
General revenues:		
Property taxes	483,766	480,923
Other taxes	24,251	26,038
Interest and other revenue	<u>8,625</u>	<u>21,864</u>
Total Revenues	\$516,642	\$528,825
Expenses:		
General government	\$64,883	\$63,441
Public safety	495,469	336,285
Community operations	320,709	334,700
Interest on long-term debt	76,095	82,289
Total Expenses	<u>\$957,156</u>	<u>\$816,715</u>
Change in Net Position	\$321,279	\$486,321
Net Position – Beginning	<u>3,586,140</u>	<u>3,099,819</u>
Net Position – Ending	<u>\$3,907,418</u>	<u>\$3,586,140</u>

Government-wide Financial Analysis (continued)

The District's overall financial position, as measured by net position, increased by \$321,279 during 2020. 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 2020.

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 \$16,614 which also primarily is the result of the strong real estate transfer assessments collected through CVCPOA and contributed to the District. The fund balance at the end of the 2020 was \$1,176,886. 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 11 of the report.

Capital Assets: The District invested in capital asset additions of \$645,403 during 2020 and recorded depreciation expenses of \$221,659. Additional information can be found in the Notes to the Financial Statement on page 19 of this report.

Long-term Debt: The District's long-term debt outstanding at the beginning of the year was \$1,592,696 and debt was paid down by \$60,169 during the year resulting in an ending balance of \$1,532,527. Additional information can be found in the Notes to the Financial Statements on pages 23 of this report.

Next Year's Budget. During 2021 the worldwide pandemic from the Coronavirus may continue to have short and long-term effects from local to global economics. It is unclear what these effects will be for the District at the date of the auditor's 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.

Cordillera Valley Club Metropolitan District

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,228,400
Due from county treasurer	1,956
Property taxes receivable	499,166
Accounts receivable	63,195
Prepaid insurance	5,955
Noncurrent assets	
Capital assets, net of accumulated depreciation	4,250,736
Total assets	6,049,408
DEFERRED OUTFLOWS	
Deferred charge - premium on refunding	15,325
Total deferred outflows	15,325
LIABILITIES	
Accounts payable	122,621
Accrued interest	3,001
Long-term note payable	
Due and payable within one year	90,000
Due and payable after one year	1,442,527
Total liabilities	1,658,149
DEFERRED INFLOWS OF RESOURCES	
Property taxes	499,166
Total deferred inflows of resources	499,166
NET POSITION	
Net investment in capital assets	2,718,209
Restricted for emergencies	11,299
Unrestricted	1,177,910
Total net position	\$ 3,907,418

The accompanying notes are an integral part of this statement.

Cordillera Valley Club Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Function/Programs	Expenses	Program Revenues		Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 64,883	\$ -	\$ -	\$ (64,883)
Public safety	495,469	500,726	261,067	266,324
Community operations	320,709	-	-	(320,709)
Interest on long-term debt	76,095	-	-	(76,095)
Total governmental activities	<u>\$ 957,156</u>	<u>\$ 500,726</u>	<u>\$ 261,067</u>	<u>\$ (195,363)</u>
General revenues:				
Property tax				483,766
Specific ownership tax				24,251
Miscellaneous income				2,010
Investment income				6,615
Total general revenues				<u>516,642</u>
Change in net position				321,279
Net position - beginning				3,586,139
Net position - ending				<u>\$ 3,907,418</u>

The accompanying notes are an integral part of this statement.

Cordillera Valley Club Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2020

	General
ASSETS	
Cash and investments	\$ 1,228,400
Due from county treasurer	1,956
Property taxes receivable	499,166
Accounts receivable	63,195
Prepaid insurance	5,955
Total Assets	1,798,672
LIABILITIES	
Liabilities	
Accounts payable	122,620
Total Liabilities	122,620
DEFERRED INFLOWS OF RESOURCES	
Property taxes	499,166
Total Deferred Inflows of Resources	499,166
Total Liabilities and Deferred Inflows of Resources	621,786
FUND EQUITY	
Nonspendable	5,955
Restricted for emergencies	11,299
Unassigned	1,159,632
Total Fund Equity	\$ 1,176,886
Fund balance reported above	\$ 1,176,886
Amounts reported in the Statement of Net Position are different because:	
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	(1,532,527)
Other long-term assets such as prepayment premiums on bonds are not financial resources and, therefore, are not reported in the funds.	15,325
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.	(3,002)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,250,736
Net Position of Governmental Activities	\$ 3,907,418

The accompanying notes are an integral part of this statement.

Cordillera Valley Club Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND

Year ended December 31, 2020

	General
Revenues	
Taxes	\$ 508,018
Interest income	6,615
Contributions from CVCPOA	761,793
Other	2,010
Total revenues	1,278,436
Expenditures	
General government	64,883
Public safety	300,551
Community operations	83,202
Debt issuance costs	29,107
Debt principal	60,169
Debt interest	79,853
Capital outlay	628,732
Total expenditures	1,246,497
Excess of revenues over (under) expenditures	31,939
Other Financing Sources	
Debt proceeds	1,532,527
Payments to escrow	(1,547,852)
Total other financing sources (uses)	(15,325)
Excess of revenues over (under) expenditures and other financing sources (uses)	16,614
Fund balance - beginning	1,160,272
Fund balance - ending	\$ 1,176,886

The accompanying notes are an integral part of this statement.

Cordillera Valley Club Metropolitan District

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

For the year ended December 31, 2020

Net change in fund balance	\$ 16,614
Amounts reported in the Statement of Activities are different because:	
The repayment of principal is an expenditure in the governmental funds, but is a reduction of debt in the statement of net position.	1,592,696
The issuance of debt is a financing source in the governmental funds, but is an increase in debt in the statement of net position	(1,532,527)
Premiums paid on debt are expensed in the fund financial statements, but are recognized as deferred outflows in the statement of net position and amortized over time.	15,325
Governmental funds do not record the amount of interest on long-term debt that has accrued since the end of the year. However, this liability is reported in the statement of net position and the related expense is reported in the statement of activities. This is the amount by which accrued interest changed from the prior year.	3,757
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year (\$447,072 - \$221,658).	<u>225,414</u>
Change in Net Position of Governmental Activities	<u><u>\$ 321,279</u></u>

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

Cordillera Valley Club Metropolitan District

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2019 Actual
Revenues					
Taxes:					
Property Taxes	\$ 488,275	\$ 488,275	\$ 483,767	\$ (4,508)	\$ 480,923
Specific Ownership Taxes	26,000	23,437	24,251	814	26,038
Interest income	19,500	8,055	6,615	(1,440)	20,611
Other income	1,200	2,010	2,010	-	1,253
Contributions from CVCPOA	680,000	524,950	761,793	236,843	774,211
Total Revenues	1,214,975	1,046,727	1,278,436	231,709	1,303,036
Expenditures					
General government:					
Administration and management	38,682	38,750	37,256	1,494	34,819
Office expense	1,854	1,854	1,120	734	1,256
Insurance	5,555	5,555	4,839	716	5,098
Professional fees	9,896	9,896	7,139	2,757	7,815
Community Operations	3,000	3,000	-	3,000	-
Treasurer's fees	14,648	14,648	14,529	119	14,453
Public safety	306,015	306,015	300,551	5,464	281,100
Community operations	94,403	94,403	83,202	11,201	54,208
Debt principal	60,169	60,169	60,169	-	57,304
Debt interest	79,853	79,853	79,853	-	82,500
Bonds costs of issuance and contingency	-	55,000	29,107	25,893	-
Contingency	25,000	-	-	-	-
Capital outlay	1,160,000	635,190	628,732	6,458	634,278
Total Expenditures	1,799,075	1,304,333	1,246,497	57,836	1,172,831
Revenues over (under) expenditures	(584,100)	(257,606)	31,939	289,545	130,205
Other financing sources (uses)					
Bond loan proceeds	-	1,600,000	1,532,527	(67,473)	-
Bond loan refinance	-	(1,545,000)	(1,547,852)	(2,852)	-
Total other financing sources (uses)	-	55,000	(15,325)	(70,325)	-
Revenues over (under) expenditures and other financing sources (uses)	(584,100)	(202,606)	16,614	219,220	130,205
Total Fund Balance- beginning	970,926	1,160,273	1,160,272	(1)	1,030,067
Total Fund Balance- ending	<u>\$ 386,826</u>	<u>\$ 957,667</u>	<u>\$ 1,176,886</u>	<u>\$ 219,219</u>	<u>\$ 1,160,272</u>

The accompanying notes are an integral part of this statement.

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

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 District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

2. 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.

3. Government-wide and Fund Financial Statements

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

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities 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 government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures.

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

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District currently has one fund, the General Fund, which is a governmental fund.

Governmental Funds

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

The District reports the following governmental funds:

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

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Long-Term Economic Focus and Accrual Basis

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

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days of year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

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

Financial Statement Presentation

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.

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Governmental Fund Balances

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

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as 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.
- *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.

7. Intergovernmental revenues

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

8. Use of Estimates

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

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. 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 of the primary government are depreciated using the straight-line method over the following estimated lives:

Estimated lives:	
Infrastructure	40
Landscape improvements	15
Equipment	7
Vehicles	7

10. 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 uncollected property taxes have been recorded as a receivable and as a deferred inflow.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2020 will be collected in 2021. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) 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 15th.

11. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

1. For the 2020 budget year, prior to August 25, 2019, the County Assessor sent to the District the certified assessed valuation of all taxable 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, 2019, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. 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, 2019, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed 2020 budget.
5. For the 2020 budget, the budget and appropriating resolution was adopted prior to December 31, 2019.

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

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end. There was one supplemental appropriation for 2020.

NOTE B – CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE B – CASH AND INVESTMENTS – CONTINUED

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in collateral pools.

At December 31, 2020, the District’s cash deposits had a carrying balance and a bank balance as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>
Deposit	<u>\$ 487,885</u>	<u>\$ 487,885</u>	<u>\$ 250,000</u>

Investments

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

As of December 31, 2020, the District had invested \$740,516 in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor’s AAAM rating. There is no custodial, interest rate or foreign currency risk exposure. Colotrust operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by Colotrust are valued at fair value.

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

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE B – CASH AND INVESTMENTS – CONTINUED

Summary of Cash Deposits and Investments

Cash deposits and investments are reflected on the December 31, 2020 Balance Sheet is as follows:

Cash and investments	<u>\$1,228,400</u>
Total	<u>\$1,228,400</u>
Deposits	\$ 487,885
Local government investment pool	<u>740,516</u>
Total cash and investments	<u>\$1,228,400</u>

NOTE C – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Construction in progress	\$ 198,331	\$ –	\$ (198,331)	\$ –
Capital assets being depreciated				
Landscape improvements	1,630,519	645,403	–	2,275,922
Landscape design and entitlement	655,742	–	–	655,742
Equipment	121,626	–	–	121,626
Infrastructure	3,597,095	–	–	3,597,095
Gate House	<u>88,760</u>	<u>–</u>	<u>–</u>	<u>88,760</u>
Total capital assets being depreciated	<u>6,093,742</u>	<u>645,403</u>	<u>–</u>	<u>6,739,145</u>
Less accumulated depreciation for:				
Landscape improvements	(660,429)	(114,046)	–	(774,475)
Landscape design and entitlement	(655,742)	–	–	(655,742)
Equipment	(74,355)	(9,424)	–	(83,779)
Infrastructure	(843,915)	(94,355)	–	(938,270)
Gate House	<u>(32,309)</u>	<u>(3,834)</u>	<u>–</u>	<u>(36,143)</u>
Total accumulated depreciation	<u>(2,266,750)</u>	<u>(221,659)</u>	<u>–</u>	<u>(2,488,409)</u>
Total capital assets being depreciated, net	<u>3,826,990</u>	<u>423,744</u>	<u>–</u>	<u>4,250,736</u>
Total governmental capital assets, net	<u>\$ 4,025,321</u>	<u>\$ 423,744</u>	<u>\$ (198,331)</u>	<u>\$ 4,250,736</u>

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE C – CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Community operations	\$ 208,400
Public safety	<u>13,259</u>
Total depreciation expense	<u>\$ 221,659</u>

NOTE D – RISK MANAGEMENT

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

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

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2019 (latest information available) is as follows:

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

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE E – COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2020.

NOTE F – AGREEMENTS WITH CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION

Security Services Agreement

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 will be 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.

NOTE G – 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 \$11,299, which is the approximate required reserve at December 31, 2020.

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE G – 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 without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20, of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE H – LONG-TERM DEBT

The District borrowed \$1,750,000 in April 2018 to pay for a street overlay project. The interest rate on the loan is fixed at 5% with interest payments due June 1 and December 1 of every year commencing June 1, 2018 through December 1, 2037. Principal payments are due December 1 of each year commencing on December 1, 2020.

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 each 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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	90,000	36,014	126,014
2022	95,000	33,899	128,899
2023	95,000	31,667	126,667
2024	100,000	29,434	129,434
2025-2029	545,000	110,394	655,394
2030-2034	<u>607,527</u>	<u>43,537</u>	<u>651,064</u>
	<u>\$ 1,532,527</u>	<u>\$ 284,946</u>	<u>\$ 1,817,473</u>

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE H – LONG-TERM DEBT – CONTINUED

	Beginning Balance <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>2020</u>
Series 2018 General Obligation Note	\$1,592,696	\$ –	\$(1,592,696)	\$ –
Taxable Series 2020 General Obligation Refunding Bonds, direct placement	<u>–</u>	<u>1,532,527</u>	<u>–</u>	<u>1,532,527</u>
	<u>\$1,592,696</u>	<u>\$1,532,527</u>	<u>\$ –</u>	<u>\$1,532,527</u>

OTHER INFORMATION

Cordillera Valley Club Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY PROPERTY TAXES COLLECTED

Year Ended December 31, 2020

Year Ending December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Tax		Percent Collected to Levied
			Levied	Collected	
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	17,181,880	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	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.