

Cordillera Valley Club Metropolitan District

Financial Statements

December 31, 2025

**Cordillera Valley Club Metropolitan District
Financial Statements
December 31, 2025**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B3
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Notes to the Financial Statements	D1 – D11
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	E1
Other Information:	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	F1



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

WEB SITE: WWW.MCMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

INDEPENDENT AUDITOR'S REPORT

**To the 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 each major fund of Cordillera Valley Club Metropolitan District (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025 and the respective changes in financial position 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 ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Cordillera Valley Club Metropolitan District
Edwards, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Cordillera Valley Club Metropolitan District
Edwards, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Schedule of the History 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 27, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cordillera Valley Club Metropolitan District

Management's Discussion and Analysis
December 31, 2025

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, 2025.

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 C1-C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 C3-C6 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 pages D1-D11 of this report.

Supplementary Information: Supplementary information is contained on page E1 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 2024 are payable by the property owners in 2025. During 2025, 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 2025 to 2024:

	2025	2024
Assets:		
Current and other assets	\$2,676,773	\$2,536,598
Capital assets	<u>3,861,380</u>	<u>4,032,843</u>
Total assets	\$6,538,153	\$6,569,441
Deferred Outflows:		
Deferred charge on Refunding	\$6,822	
Liabilities:		
Current liabilities	\$76,541	\$28,663
Long-term liabilities	<u>1,047,527</u>	<u>1,152,527</u>
Total liabilities	\$1,124,068	\$1,181,190
Deferred Inflows:		
Property Taxes	\$618,595	\$600,566
Net position:		
Net invested in capital assets	\$2,820,675	\$2,888,595
Restricted for emergencies	27,060	21,923
Unrestricted	<u>1,954,577</u>	<u>1,877,167</u>
Total Net Position	<u>\$4,802,312</u>	<u>\$4,787,685</u>
Revenues:		
Program revenues:		
Charges for Services	\$227,350	\$394,500
Operating Grants and Contributions	18,089	22,433
General revenues:		
Property taxes	600,566	594,695
Other taxes	29,800	27,780
Interest and other revenue	<u>108,533</u>	<u>108,305</u>
Total Revenues	\$984,338	\$1,147,713
Expenses:		
General government	\$78,012	\$72,822
Public safety	443,668	447,132
Community operations	419,696	346,344
Interest on long-term debt	28,335	30,821
Total Expenses	<u>\$969,711</u>	<u>\$897,119</u>
Change in Net Position	\$14,627	\$250,594
Net Position – Beginning	4,787,685	4,537,091
Net Position – Ending	<u>\$4,802,312</u>	<u>\$4,787,685</u>

The District's overall financial position, as measured by net position, remained consistent with the prior year, increasing by \$14,627 during 2025.

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 \$82,340. This increase was primarily the result of strong contributions from CVCPOA derived from real estate transfer assessments and deferred capital expenditures. The fund balance at the end of 2025 was \$1,983,687. 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 E1 of the report. The primary budget variance was related to deferral of capital expenditures related to the berm improvements resulting in a favorable variance for capital improvements of \$655,288. However, this variance was partially offset by lower contributions from CVCPOA since the expenditures were not incurred.

Capital Assets: The District invested in capital asset additions of \$64,061 during 2025 and recorded depreciation expenses of \$252,784. Additional information can be found in the Notes to the Financial Statement on page D9 of this report.

Long-term Debt: The District's long-term debt outstanding at the beginning of the year was \$1,152,527 and debt was paid down by \$105,000 during the year resulting in an ending balance of \$1,047,527. Additional information can be found in the Notes to the Financial Statements on pages D1-D11 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Cordillera Valley Club Metropolitan District
Statement of Net Position
December 31, 2025

Assets:	
Cash and investments	2,032,423
Due from County Treasurer	2,758
Property taxes receivable	618,595
Accounts receivable	12,481
Accrued interest receivable	2,079
Prepaid expenses	8,437
Capital assets, net	<u>3,861,380</u>
Total Assets	<u><u>6,538,153</u></u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>6,822</u>
Total Deferred Outflows of Resources	<u><u>6,822</u></u>
Liabilities:	
Accounts payable	74,490
Accrued interest	2,051
Noncurrent liabilities due within one year:	
Bonds payable	105,000
Noncurrent liabilities due in more than one year:	
Bonds payable	<u>942,527</u>
Total Liabilities	<u><u>1,124,068</u></u>
Deferred Inflows of Resources:	
Property tax revenue	<u>618,595</u>
Total Deferred Inflows of Resources	<u><u>618,595</u></u>
Net Position:	
Net investment in capital assets	2,820,675
Restricted for emergencies	27,060
Unrestricted	<u>1,954,577</u>
Total Net Position	<u><u><u>4,802,312</u></u></u>

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

FUND FINANCIAL STATEMENTS

**Cordillera Valley Club Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2025**

	General
Assets:	
Cash and investments	2,032,423
Due from County Treasurer	2,758
Property taxes receivable	618,595
Accounts receivable	12,481
Accrued interest receivable	2,079
Prepaid items	8,437
Total Assets	2,676,773
Liabilities:	
Accounts payable	74,490
Total Liabilities	74,490
Deferred Inflows of Resources:	
Unavailable property tax revenue	618,595
Total Deferred Inflows of Resources	618,595
Fund Balance:	
Nonspendable	8,437
Restricted for TABOR	27,060
Unassigned	1,948,191
Total Fund Balances	1,983,688
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	2,676,773

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

Cordillera Valley Club Metropolitan District
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
For the Year Ended December 31, 2025

Fund Balance - Governmental Fund		1,983,688
<p>Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.</p>		
Capital assets	7,601,730	
Accumulated depreciation	<u>(3,740,350)</u>	3,861,380
<p>Other long-term assets are not financial resources and, therefore, are not reported in the funds.</p>		
Loss on debt refunding		6,822
<p>Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.</p>		
Bonds payable	(1,047,527)	
Accrued interest	<u>(2,051)</u>	<u>(1,049,578)</u>
Total Net Position		<u><u>4,802,312</u></u>

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

Cordillera Valley Club Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2025

	General
Revenues:	
Property taxes	600,566
Specific ownership taxes	29,800
Interest income	77,861
Contributions from CVCPOA	245,439
Other	30,672
Total Revenues	984,338
Expenditures:	
General government:	
Administration and management	40,701
Office expenses	1,986
Insurance	5,852
Professional fees	11,410
Treasurer's fees	18,063
Public safety:	
Security	399,848
Repairs and maintenance	21,283
Vehicle operating expense	9,403
Community operations:	
Gatehouse utilities	8,981
Road maintenance and engineering	64,287
Snow removal	36,619
Miscellaneous	20,378
Debt service:	
Principal	105,000
Interest and fiscal charges	27,084
Capital outlay	131,102
Total Expenditures	901,997
Net Change in Fund Balance	82,341
Fund Balance - Beginning of Year	1,901,347
Fund Balance - End of Year	1,983,688

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

Cordillera Valley Club Metropolitan District
Reconciliation of Revenues, Expenditures and Changes in Fund Balance of
Governmental Fund to the Statement of Activities
December 31, 2025

Net Change in Fund Balance of the Governmental Fund		82,341
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:</p>		
Capital outlay	81,321	
Depreciation expense	<u>(252,784)</u>	(171,463)
<p>The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Bond principal		<u>105,000</u>
<p>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.</p>		
Change in accrued interest payable	206	
Amortization of loss on debt refunding	<u>(1,457)</u>	<u>(1,251)</u>
Change in Net Position of Governmental Activities		<u><u>14,627</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025

I. 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 District has the power to provide infrastructure improvements involving road and drainage maintenance, snow removal, road landscape maintenance, road lighting and signage safety controls, transportation, parks and recreation, and weed and pest control for the benefit of taxpayers and service users within the District's boundaries.

The District has no employees, and all services are contracted.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. Fund Financial Statements

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

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District.

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

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

1. Long-term Economic Focus and Accrual Basis

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

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

Amounts reported as program revenues include 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 and interest income.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2025.

3. Property Taxes

Property taxes are levied by the Board. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenue is recorded as revenue in the year they are available or collected.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability. Bond premiums, discounts, and accounting losses resulting from debt refunding are deferred and amortized over the life of the bonds using the straight-line method.

5. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The loss on refunding is deferred and amortized over the life of the bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

6. Fund Balance

Net position is reported in the governmental activities and is classified as restricted or unrestricted. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted. As of December 31, 2025, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

Unassigned - represents the residual classification for the District's General Fund and could report a surplus or deficit.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2025:

- (1) For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2024, the County Assessor sent the final recertified assessed valuation to the District.
- (2) On or before October 15, 2024, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
- (4) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2025 budget, the final budget and appropriating resolution was adopted prior to December 31, 2024.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. 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 percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

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

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations 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 irrevocably 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. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The District has restricted \$27,060 as of December 31, 2025 fund balances for this purpose, which is the approximate required TABOR reserve.

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.

III. Detailed Notes on all Funds

A. Deposits and Investments

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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and World Bank 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
- Certain reverse repurchase agreements
- Certain corporate bonds
- Certain securities lending agreements

Interest Rate Risk. State statute generally limits 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. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule; prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy.

Concentration of Credit Risk. The District invests most funds in 2a7-like pools and thus avoids the concentration of credit risk.

	Standard & Poors Rating	Carrying Amounts	Term to Maturity	
			Less than one year	More than one year
<i>Deposits:</i>				
Checking and savings	Not rated	\$ 253,412	\$ 253,412	\$ -
<i>Investments:</i>				
Colotrust	AAAm	1,174,658	1,174,658	-
Certificates of deposit	Not rated	604,353	150,401	453,952
		<u>\$ 2,032,423</u>	<u>\$ 1,578,471</u>	<u>\$ 453,952</u>

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Fair Value of Investments

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

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

At December 31, 2025, the District had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurement at Reporting Date Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 604,353	\$ 604,353	\$ -	\$ -
Investments Measured at Net Asset Value	Total			
Colostrust	\$ 1,174,658			

The investment pool Colostrust represents an investment in the Colorado Government Liquid Asset Trust (the "Trust") which is a 2a7-like pool. The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund, measured at net asset value, and each share is equal in value to \$1.00. Investments consist of U.S. Treasury bills, notes strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Detailed Notes on all Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 17,139	\$ 17,260	\$ -	\$ 34,399
Total capital assets not being depreciated	<u>17,139</u>	<u>17,260</u>	<u>-</u>	<u>34,399</u>
Capital assets, being depreciated:				
Landscape improvement	2,814,880	-	-	2,814,880
Landscape design and entitlement	655,741	-	-	655,741
Equipment	130,483	-	-	130,483
Infrastructure	3,790,198	30,430	-	3,820,628
Gate house	111,968	33,631	-	145,599
Total capital assets being depreciated	<u>7,503,270</u>	<u>64,061</u>	<u>-</u>	<u>7,567,331</u>
Less accumulated depreciation:				
Landscape improvement	(1,343,376)	(144,302)	-	(1,487,678)
Landscape design and entitlement	(655,741)	-	-	(655,741)
Equipment	(116,710)	(5,938)	-	(122,648)
Infrastructure	(1,318,495)	(95,347)	-	(1,413,842)
Gate house	(53,244)	(7,197)	-	(60,441)
Total accumulated depreciation	<u>(3,487,566)</u>	<u>(252,784)</u>	<u>-</u>	<u>(3,740,350)</u>
Total capital assets being depreciated, net	<u>4,015,704</u>	<u>(188,723)</u>	<u>-</u>	<u>3,826,981</u>
Total capital assets, net	<u>\$ 4,032,843</u>	<u>\$ (171,463)</u>	<u>\$ -</u>	<u>\$ 3,861,380</u>

The District had depreciation expense for the following functions/programs:

Community operations	\$ 239,650
Public safety	13,134
Total	<u>\$ 252,784</u>

C. Long-term Debt

1. Taxable Series 2020 General Obligation Refunding Bonds

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, 2034. Principal payments are due December 1 of every year commencing on December 1, 2021.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Detailed Notes on all Funds (continued)

C. Long-term Debt (continued)

1. Taxable Series 2020 General Obligation Refunding Bonds (continued)

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.

Debt service requirements to maturity at December 31, 2025 are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ 105,000	\$ 24,617	\$ 129,617
2027	110,000	22,149	132,149
2028	110,000	19,564	129,564
2029	115,000	16,979	131,979
2030	115,000	14,277	129,277
2031 - 2034	492,527	29,261	521,788
Total	\$ 1,047,527	\$ 126,847	\$ 1,174,374

2. Annual Debt Service Requirements – Governmental Activities

	Balance 01/01/25	Additions	Reductions	Balance 12/31/25	Due Within One Year
Taxable Series 2020 General Obligation Refunding Bonds	\$ 1,152,527	\$ -	\$ (105,000)	\$ 1,047,527	\$ 105,000

IV. Other Information

A. Agreement with Cordillera Valley Club Property Owners Association

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 each year. Three of the District’s board members serve as members of the executive board of CVCPOA.

During the year ended December 31, 2025, contributions and fees from CVCPOA were \$245,439.

CVCPOA owed the District \$12,481 as of December 31, 2025.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Other Information (continued)

B. 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; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool") as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage during the past three years.

The District pays annual premiums to the Pool for liability and public officials liability 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.

The District's share in the Pool is not determinable from current information. A summary of audited statutory basis financial information for the Pool can be found here:

<https://www.csdpool.org/financials>

REQUIRED SUPPLEMENTARY INFORMATION

Cordillera Valley Club Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2025

	2025		Final Budget Variance Positive (Negative)
	Original and Final Budget	Actual	
Revenues:			
Property taxes	600,566	600,566	-
Specific ownership taxes	24,023	29,800	5,777
Interest income	72,919	77,861	4,942
Contributions from CVCPOA	700,000	245,439	(454,561)
Other	31,172	30,672	(500)
Total Revenues	<u>1,428,680</u>	<u>984,338</u>	<u>(444,342)</u>
Expenditures:			
General government:			
Administration and management	50,495	40,701	9,794
Office expenses	2,122	1,986	136
Insurance	6,476	5,852	624
Professional fees	12,641	11,410	1,231
Treasurer's fees	18,017	18,063	(46)
Public safety:			
Security	406,798	399,848	6,950
Repairs and maintenance	27,895	21,283	6,612
Vehicle operating expense	10,967	9,403	1,564
Community operations:			
Gatehouse utilities	9,069	8,981	88
Road maintenance and engineering	111,430	64,287	47,143
Snow removal	45,875	36,619	9,256
Miscellaneous	18,561	20,378	(1,817)
Contingency	15,000	-	15,000
Debt service:			
Principal	105,000	105,000	-
Interest and fiscal charges	27,084	27,084	-
Capital outlay	1,268,300	131,102	1,137,198
Total Expenditures	<u>2,135,730</u>	<u>901,997</u>	<u>1,233,733</u>
Net Change in Fund Balance	(707,050)	82,341	789,391
Fund Balance - Beginning of Year	<u>1,620,419</u>	<u>1,901,347</u>	<u>280,928</u>
Fund Balance - End of Year	<u>913,369</u>	<u>1,983,688</u>	<u>1,070,319</u>

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

OTHER INFORMATION

Cordillera Valley Club Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
For the Year Ended December 31, 2025

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	13.500	568,662	594,695	104.6%
2025	44,486,390	13.500	600,566	600,566	100.0%
2026	43,422,340	14.246	618,595	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.