

BOARD MEETING

September 10, 2021



CORDILLERA
Metro District



MEETING AGENDA

DATE: FRIDAY, SEPTEMBER 10, 2021

TIME: 9:00AM

LOCATION: Video Conference Only

STATE OF COLORADO) COUNTY OF EAGLE) SS.

REGULAR BOARD MEETING

Due to the threat of health and safety posed by the COVID pandemic, this meeting is being held via Zoom. To register for the meeting click [here](#). Once registration is complete, you will an email with instructions on how join the call.

BOARD OF DIRECTORS

David Bentley, President – May 2022 | Gene McGuire, Vice President – May 2022

Cheryl Foley, Treasurer – May 2022 | John Van Deusen, Secretary – May 2023

Dan Roberts, Asst Secretary/Asst Treasurer – May 2023

CALL TO ORDER - 9:00AM

- Call to Order
- Declaration of Quorum/Director Qualifications/Disclosure
- Approval of Agenda
- Approval of Consent Agenda
 - July 9, 2021, Meeting Minutes, July 9, 2021, Special Meeting Minutes

DISSUSSION ITEMS – 9:15AM

- Open continued public hearing to exclude real property – Alan Pogue, CMD Legal Council
- Consider and Approve Resolution re: Petition to Exclude Real Property
- Financial Review – Cheryl Foley, Treasurer
- Introduction of Clifton Larson Allen managing principal, Jason Carroll. New CMD financial services team
- Resolution Governing Use of CMD Assets to Send Political or Personal Messages to the CMD Community – Dan Roberts.
- Management Team Report – Trevor Broersma, Acting General Manager
- Budget 2022 Preliminary Planning, Discussion – Trevor Broersma, Acting General Manager

PUBLIC COMMENTS – 11:00 AM

CMD welcomes public comment.

ADJOURN – 12:00PM

NOTICE IS HEREBY GIVEN that the Board of Directors of the Cordillera Metropolitan District will hold a meeting. CMD is required to meet a 24-hour posting requirement unless in the event of an emergency. By Order of the District, David Bentley.



MEETING MINUTES

DATE: July 9, 2021

TIME: 9:00AM

LOCATION: Video Conference Only

STATE OF COLORADO)

COUNTY OF EAGLE) SS.

REGULAR BOARD MEETING

Due to Governor Polis' declaration of a state of emergency resulting from the COVID-19 pandemic, the meeting was held via webinar.

ATTENDANCE

Via webinar: David Bentley, President; Eugene McGuire, Vice President; Cheryl Foley, Treasurer; John Van Deusen, Secretary; and Dan Roberts, Assistant Treasurer/Assistant Secretary.

Others Present via Webinar: Trevor Broersma, acting general manager; Alan Pogue, general counsel for CMD; Ron Hoppner, information technology administrator; Claudia Wells, finance manager; Paula Kurtz, executive assistant to gm; Cliff Simonton, community planning manager; Samuel Lazar, operations manager; Brian Beven, legal counsel to Keith Tucker, Petitioner; Matt Stovell, legal counsel to Keith Tucker, Petitioner, Iris, court reporter and 36 members of the public.

CALL TO ORDER

Director Bentley called to order the Regular Board Meeting of the Cordillera Metropolitan District at 9:23 a.m.

DECLARATION OF QUORUM/CONFLICT OF INTEREST DISCLOSURE

Board members acknowledged receiving notice of the meeting at least 24 hours in advance. No conflicts of interest were noted.

APPROVAL OF AGENDA

Motion: Director Foley moved to approve the Meeting Agenda for July 9, 2021. The motion was seconded by Director Van Deusen. Motion duly made and seconded, the Board approved the agenda for July 9, 2021.

APPROVAL OF MINUTES

Director Foley moved to approve the minutes for the regular meeting of May 14, 2021, and the minutes for the special meetings held on June 6, 2021, and June 25, 2021. The motion was seconded by Director Van Deusen.

Motion duly made and seconded, the Board approved the minutes for the regular meeting of May 14, 2021, and the minutes for the special meetings held June 6, 2021, and June 25, 2021.

PUBLIC HEARING ON PETITION TO EXCLUDE REAL PROPERTY

Pursuant to CRS Section 32-1-501, a public hearing was opened by Director Bentley at 9:24am to consider a Petition to Exclude Real Property (Lots 1 and 2, Filing 33) from Cordillera Metropolitan District boundaries. The property is

owned by Starview Reality Investments LP, Mr. Keith Tucker, president. It was confirmed that statutory requirements for the Exclusion hearing had been met. Alan Pogue presented rules and protocols for the hearing.

Brian Bevan, Counsel for the Petitioner, presented the background, history and details supporting his client's request, including a review of the eight (8) statutory criteria that must be considered for Exclusion. In summary, it was asserted that the owner does not utilize or enjoy CMD amenities and does not require CMD services commensurate to the taxes he pays on the property. The findings for each of the eight Exclusion criteria were outlined in a manner that supported the Petitioner's request. Examples were also provided of previous requests for exclusion from the CMD, one involving the Rothkopf property, which was denied, and one involving properties on Timber Springs Road which was accepted. In closing, Mr. Bevan noted that no written comments or objections from Cordillera property owners had been received at the time of the hearing.

Representing the District, Mr. Pogue and Mr. Boersma then presented, providing additional information and detail on CMD services rendered, a history of previous litigation involving the property, and resulting contractual arrangements surrounding the issue of access, services, and taxes. Mr. Pogue also reviewed the eight required Exclusion criteria, offering findings contrary to those of the partitioner on most points.

Both presentations are available upon request through the CMD.

Public comment was opened. A resident asked whether exclusion from CMD would impact the affiliation of the property to the Cordillera Property Owners Association. Assurance was if it would not, and that in the event of exclusion CPOA assessments would still be required.

Board Comment was opened. Director Bentley confirmed the deadline for written comments/objections to the Exclusion as the day of the hearing. He noted that, if allowed, the removal of the property from The District's boundary would be permanent, running with the land and not ownership of the land. He confirmed that if excluded the Petitioner would still be responsible to pay 063 taxes (District debt) until the bonds were retired. Director Bentley finished by noting that numerous outstanding visual attributes of the Cordillera Subdivision are enjoyed by travelers on Squaw Creek Road for its entire length.

Director McGuire reiterated that the Exclusion, if allowed, would be permanent. He asked about the potential for density increases on the subject property post Exclusion, noting that any new density would likely also be excluded. Director McGuire questioned why the Board was being asked to consider this Exclusion again, when past litigation had essentially determined an outcome.

Director Roberts reiterated the fact that the owner was fully aware of access issues and ownership/tax responsibilities when he purchased the property, and that CMD had provided many improvements to the property including a paved road and utilities. Mr. Bevan offered his view that the property was purchased by the Petitioner from the District, and improvements made to the property by The District at that time were part of purchase negotiations.

Director Foley asked if the owner of Lots 1 and 2 had access to District owned open space located north of the property. She confirmed that The District was responsible for plowing the access road to Lots 1 and 2 (Sendero Verde) for a fee of \$1 per year per a previous settlement, and that this plowing agreement could not be terminated by the CMD unless the property was sold. She noted that contrary to previous statements by the Petitioner, CMD Public Safety personnel have responded to the property. Director Foley also questioned the price of a home in Cordillera quoted by Mr. Bevan as "average" in his presentation of financial impacts to Cordillera homeowners was accurate. Finally, Director Foley confirmed that CMD plows the entire length of Squaw Creek Road, a benefit to the Petitioner.

Mr. Bevan noted that many properties outside District boundaries benefit from the plowing of Squaw Creek Road. Closing comments and clarifications were provided by Mr. Bevan and Mr. Pogue.

Motion was made by Director Van Deusen to take the matter under advisement until the regularly scheduled CMD Board Meeting of September 10, 2021. Director Foley seconded the motion. Motion duly made and seconded, the Board approved forwarding the Hearing for Petition to 9:30 am on September 10, 2021.

AGENDA ITEMS

FINANCIAL REVIEW

Noting exceptional work by staff to produce a current set of financial statements, CMD Treasurer Cheryl Foley presented a review of April 2021 and May 2021 financials. She indicated that The District was on track to meet the approved budget. No Board action was required.

CMD AUDIT

Director Foley indicated that draft audit statements had been received, and that the audit is moving toward final documentation. A final report should be available by the next CMD Board meeting. No Board action was required.

PUBLIC COMMENT

Director Bentley opened public comment, requesting that comments be directed specifically at the four resolutions being considered. Comments included a request for greater detail and a summary of the resolutions. After a summary and explanation of the four resolutions was provided public comment resumed. Public comment consisted of support of resolutions designed to get Water Fund monies back to the property owners as the board's first consideration should be giving the monies back. Feedback was split in support of CMD buying the Grouse property and leasing back to the CPOA, as well as a one-time abatement of the mill levy.

WATER FUND MOVE RESOLUTION

Director Foley introduced the Water Fund Move Resolution, which reads as follows:

WHEREAS, the Cordillera Metropolitan District ("District") entered into the Amended and Restated Water Service Agreement, dated March 25, 2004 between the District, the Edwards Metropolitan District, and the Upper Eagle Regional Water Authority (the "Water Service Agreement") that, among other things, required the District to fund specified capital improvements ("Required Capital Improvements") to the Cordillera water infrastructure that provided water services to property owners and properties located within the District's boundaries; and

WHEREAS, the District imposed an \$18.50 per month surcharge on the water bills of all property owners in the District to fund such Required Capital Improvements and established a dedicated capital fund on its books and accounts (the "Water Enterprise Fund") to record the collection and disbursement of the amounts necessary to fulfill its obligations to fund the Required Capital Improvements; and

WHEREAS, the District terminated the monthly surcharge as of May 1, 2017 after the District determined that it had fully funded the Required Capital Improvements and thus had fulfilled all of its infrastructure funding obligations under the Water Service Agreement; and

WHEREAS, as of June 30, 2021, the unaudited Water Enterprise Fund balance was \$2,270,627.82; and

WHEREAS, the District has the discretion to transfer the monies in the Water Enterprise Fund to other funds for use for other public benefits; and

WHEREAS, the District desires to transfer such balance into the General Operating Fund to provide greater flexibility for its use in the future;

NOW THEREFORE, the District hereby resolves to transfer the entire balance of the Water Enterprise Fund as of July 9, 2021 into its General Operating Fund and to terminate the existing Water Enterprise Fund and remove it from its books and accounts.

Director Foley further provided a brief history of the Water Fund and explained that it needed to be transferred to the General Fund to allow access to the money for use by the CMD on projects of public benefit.

Director Foley moved the Water Fund Move Resolution be approved as presented. *The motion passed unanimously.*

WATER FUND “GROUSE” PURCHASE RESOLUTION

Director Foley introduced the Water Fund “Grouse” Purchase Resolution, which reads as follows:

WHEREAS, the Cordillera Metropolitan District (“District”) has, on July 9, 2021, transferred all of the funds from its Water Enterprise Fund (approximately \$2,270,627.82) into its General Operating Fund, creating a balance in the General Operating Fund of approximately [\$_____]; and

WHEREAS, the Cordillera Property Owners Association (“CPOA”) is undertaking a large capital improvement plan that includes, among other things, a potential \$2,200,000 purchase of the real estate, building, and parking lot commonly known as the Grouse-on-the-Green (the “Grouse”), which is immediately adjacent to the CPOA’s Short Course golf amenity; and

WHEREAS, the CPOA will hold a proxy vote on July 20, 2021 in which property owners will be asked to approve and ratify the Grouse real estate purchase contract, authorize annexation of the Grouse property, and authorize potential assessments in financial support of the purchase; and

WHEREAS, the CPOA has requested that, if the community votes to approve the proposed ballot measure, the District provide financial support to either: (i) reduce the amount of any assessment the CPOA may otherwise levy to fund the purchase or (ii) provide a temporary tax reduction to compensate residents for all or part of the assessment to be levied; and

WHEREAS, the District believes that ownership of the Grouse, if approved by Cordillera property owners in the CPOA ballot initiative, would provide an important public recreational benefit to the Cordillera community; and

WHEREAS, the District has determined that its General Operating Fund balance, including the \$2,270,627.82, referenced above, is at a robust level, and that \$2.2 million could be released to support, either directly or indirectly, a purchase of the Grouse; and

WHEREAS, the District has identified two funding options (the “Funding Options”) that it would be willing to use to provide financial support to aid in the Grouse purchase, if approved by Cordillera property owners in the CPOA vote: (i) a “Sale/Leaseback” under which it would purchase the Grouse from the CPOA and immediately enter into a long-term, low cost lease with the CPOA, with an option for the CPOA to repurchase the property at any time during the term of the lease, thus allowing the CPOA to reduce dollar-for-dollar any proposed assessment on property owners; or (ii) a one-time or multi-year tax refund to property owners through a mill levy reduction that would reduce real property taxes by a total of \$2.2 million and thus free up money from each individual resident’s tax burden to fully or partially compensate them for the CPOA special assessment; and

WHEREAS, the District desires to explore the pros and cons of each of the Funding Options with the CPOA and the Cordillera community over the next few weeks, so that it will be able to make a final decision as to which Funding Option would be most beneficial to the overall community in the event that property owners vote to approve the proposed purchase of the Grouse.

NOW THEREFORE, in the event that the Cordillera property owners vote to approve the proposed purchase of the Grouse, the District hereby commits \$2.2 million from its General Operating Fund to financially aid the community to fund such purchase using one of the Funding Options described above.

Director Foley noted the strength of CMD's current financial condition and moved to approve the Water Fund "Grouse" Purchase Resolution as presented. Director Roberts seconded the motion.

Discussion disclosed two basic positions, one that information known is sufficient to approve funding the purchase of the Grouse, the other that additional information is needed.

The motion failed 3 to 2, with Directors Bentley, Van Deusen and McGuire voting against and Directors Foley and Roberts voting for.

TAX RELIEF RESOLUTION

Director Bentley requested this resolution be withdrawn from discussion given its direct association and reliance on approval of the Water Fund "Grouse" Purchase Resolution. The Board agreed.

COMMIT TO TAX RELIEF RESOLUTION

Director Roberts presented the Tax Relief resolution, which reads as follows:

WHEREAS, the Cordillera Metropolitan District ("District") currently has an overage of greater than \$2.2 million in its General Fund for the year 2021; and

WHEREAS, the District's reserve funds are deemed adequate; and

NOW THEREFORE, the District resolves and commits to the residents of Cordillera, except in the event of acts of God or other extraordinary events, to utilize these excess funds to reduce budgetary needs for 2022 by at least \$2.2 million, which will result in a one-time reduction in the mill levy for 2022.

Director Roberts emphasized the fact that the CMD has \$2.2 million in the general fund belongs to the community, regardless of situations surrounding the purchase of the Grouse, and that it should be returned to the property owners. He requested that CMD commit to returning \$2.2 million to the community and moved to approve the Tax Relief Resolution. Director Foley seconded the motion.

Discussion again disclosed two basic positions, one that information known is sufficient to approve returning these funds to the Community, the other that additional information is needed.

The motion failed 3 to 2, with Directors Bentley, Van Deusen and McGuire voting against and Directors Foley and Roberts voting for.

MANAGEMENT TEAM REPORT

The Board welcomed Trevor Broersma in his new position Acting General Manager.

Trevor presented the Management Team Report and answered board questions regarding:

- proposed new financial software; a meeting with Directors Bentley and Foley has been scheduled, with a decision on the new software coming very soon.
- the community gardens: The corrugated metal has finally arrived, and the beds will be completed and ready for planting soon.
- trailer parking, all 50 spaces have been rented and there is a waiting list. The spaces are available only to Cordillera owners.

PUBLIC COMMENTS

Director Bentley re-opened public comment. Comments included disappointment that the resolutions releasing the Water Fund were not approved, lack of action on water fund matter maintains uncertainty and may bias the upcoming CPOA vote, water fund money needs to be returned to the community, and that the board's actions/lack of actions are misleading.

EXECUTIVE SESSION

Motion: At 12:54, Director Foley moved, and Director Van Deusen seconded a motion to enter executive session pursuant to Section 24-6-402(4)(a), C.R.S. to discuss personnel matters (general manager). At 1:30 p.m. Director Foley moved, and Director Roberts seconded a motion to conclude executive session. No action was taken in executive session.

ADJOURNMENT

Motion: Director McGuire moved to adjourn the Regular Meeting of the Cordillera Metro District at 1:32 p.m. Seconded by Director Foley. Upon motion duly made and seconded, the Board adjourned the Regular Meeting of the Cordillera Metro District.



MEETING MINUTES

DATE: FRIDAY, JULY 9, 2021

TIME: 8:00AM

LOCATION: Video Conference Only
STATE OF COLORADO) COUNTY OF
EAGLE) SS.

SPECIAL BOARD MEETING

Due to Governor Polis' declaration of a state of emergency resulting from the COVID-19 pandemic, the meeting was held via webinar.

ATTENDANCE

Via webinar: David Bentley, President; Eugene McGuire, Vice President; Cheryl Foley, Treasurer; John Van Deusen, Secretary; and Dan Roberts, Assistant Treasurer/Assistant Secretary.

Others Present via Webinar: Alan Pogue, Icenogle Seaver Pogue, P.C. General Counsel

CALL TO ORDER

The meeting was called to order at 8:00a.m. by Director Bentley, noting that a quorum was present. The Directors in attendance confirmed their qualifications to serve.

DECLARATION OF QUORUM/CONFLICT OF INTEREST DISCLOSURE

The Board acknowledged receiving the notice of the special meeting at least 72 hours in advance of the meeting and no conflicts of interest were noted by the Board Members.

APPROVAL OF AGENDA

The Board reviewed the agenda. Upon motion by Director Foley and seconded by Director Roberts, the Board unanimously approved the agenda as presented.

PUBLIC COMMENT

There were no members of the public present.

LEGAL ITEMS

At 8:02 a.m. a motion was made by Director Foley and seconded by Director Van Deusen, for the Board to convene into Executive Session pursuant to Section 24-6-402(4)(b), C.R.S. to receive legal advice from general counsel related to a pending petition to exclude real property from The District's boundaries.

At 8:46 a.m. a motion was made by Director Foley and seconded by Director Roberts to conclude the Executive Session.

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Director McGuire and seconded by Director Foley the meeting was adjourned at 8:48 a.m.

Cordillera Metropolitan District (Consolidated)

Statement of Net Position

6/30/2021

Unaudited

Assets

Cash	9,094,628	
Accounts Receivable		
Property Tax	6,184,081	
Other Governments	0	
Due from CPOA	236,780	
Other	78,895	
Prepaid Expenses	100,658	
Capital Assets	14,076,763	
Total Assets		\$ 29,771,805

Deferred Outflows of Resources

Deferred Refunding Costs	8,567	
Total Deferred Outflows of Resources		\$ 8,567

Liabilities

Accounts Payable / Accrued Liabilities	211,960	
Accrued Liabilities	24,971	
Due from CPOA		
Deposits Held	133,559	
Accrued Compensated Absences	224,090	
Accrued Interest Payable	0	
Non-current Liabilities due within one year:		
General Obligation Debt	1,690,000	
Non-current Liabilities due in excess of one year:		
General Obligation Debt	1,715,000	
Total Liabilities		\$ 3,999,580

Deferred Inflows of Resources

Unavailable Property Tax Revenue	6,184,081	
Total Deferred Inflows of Resources		\$ 6,184,081

Net Position

Net Investment in Capital Assets	9,207,652	
Restricted for emergencies	258,018	
Restricted for Debt Service	509,570	
Unrestricted	9,621,472	
Total Net Position		\$ 19,596,712

Cordillera Metropolitan District (Consolidated)
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021 Approved Budget	2021 Actual 6/30/2021	Projected vs Budget	
			Variance Favorable (Unfavorable)	Actual % Received or Spent
<u>Revenues</u>				
Property Taxes - Net	4,439,776	3,447,622	(992,154)	77.7%
Specific Ownership Taxes - Operating	314,445	140,863	(173,582)	44.8%
CPOA Administration Fees	427,739	344,782	(82,958)	80.6%
Interest Income Operating	50,000	5,002	(44,998)	10.0%
CVC Public Safety Revenue	0	0	0	
Public Safety Revenue	72,580	63,637	(8,943)	87.7%
Equestrian Center	447,762	227,816	(219,946)	50.9%
Other Revenue	42,625	7,566	(35,059)	17.7%
Community Operations Revenue	15,000	15,853	853	105.7%
			0	
Total Revenues	\$5,809,927	\$4,253,140	(1,556,787)	73.2%
<u>Expenditures</u>				
Administrative Expenditures				
Administration Wages & Benefits	725,810	380,719	345,091	52.5%
Employee Benefits	0	0	0	
Communications	48,600	19,152	29,448	39.4%
Treasurers Fees	133,193	103,543	29,650	77.7%
Audit & Accounting Fees	12,000	20,100	(8,100)	167.5%
Insurance-Property/Casualty	80,921	7,451	73,470	9.2%
Legal-General	55,000	62,213	(7,213)	113.1%
MIS & Computer Fees	62,740	33,567	29,173	53.5%
Other Operating Expenditures	194,619	84,813	109,806	43.6%
Utilities	24,000	6,844	17,156	28.5%
Subtotal Administrative Expenditures	1,336,883	718,402	618,481	53.7%

Cordillera Metropolitan District (Consolidated)
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021 Approved Budget	2021 Actual 6/30/2021	Projected vs Budget	
			Variance Favorable (Unfavorable)	Actual % Received or Spent
Community Operations				
Community Operation Wages & Benefits	1,064,679	483,301	581,378	45.4%
Flowers Maintenance	100,000	65,970	34,030	66.0%
Mowing & Irrigation	10,000	4,574	5,427	45.7%
Engineering	8,850	1,760	4,890	26.5%
Utilities	60,658	34,871	25,787	57.5%
Other Operating Expenditures	101,670	34,848	66,822	34.3%
Natural Resource Management	25,350	3,458	21,892	13.6%
Roads - Snow & Maint	139,440	67,127	72,313	48.1%
Equipment Maintenance & Repair	257,022	135,465	121,557	52.7%
Other Recreation Activities	14,463	4,454	10,009	30.8%
Subtotal Community Operations	1,779,932	835,829	944,103	47.0%
Public Safety Expenditures				
Public Safety Wages & Benefits	827,886	392,795	435,091	47.4%
Public Safety Utilities	11,653	4,700	8,953	40.3%
Other Operating Expenditures	49,163	34,210	14,953	69.6%
Subtotal Public Safety Expenditures	888,702	431,705	456,997	48.6%
Equestrian Center Expenditures				
Equestrian Center Wages & Benefits	305,959	135,311	170,648	44.2%
Equestrian Center Other Expenditures	32,227	4,858	27,369	15.1%
Equestrian Center Boarding Expenditures	89,204	62,741	26,464	70.3%
Equestrian Center Utilities	23,381	21,237	2,144	90.8%
Subtotal Equestrian Center Expenditures	450,771	224,147	226,625	49.7%
Total Expenditures	\$4,456,288	\$2,210,082	\$2,246,206	49.6%
Revenue Over (Under) Expenditures	\$1,353,639	\$2,043,057	\$689,419	150.9%
Transfer to Capital Projects Fund	(1,282,353)	(1,282,353)	0	100.0%
Total Other Financing Sources (Uses)	(1,282,353)	(1,282,353)	0	100.0%
Change in Fund Balance	\$71,286	\$760,704		
Beginning Fund Balance	2,456,284	2,456,284		
Ending Fund Balance	2,527,570	3,216,988		

Cordillera Metropolitan District
Debt Service Fund - CMMD
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021 Approved Budget	2021 Actual 6/30/2021	Actual vs Budget	
			Variance Favorable (Unfavorable)	Actual % Received or Spent
Revenues				
Property Taxes CMMD Debt Service	741,910	574,076	(167,834)	77%
Tap Fee Revenue		0	0	
CMMD Debt Service Interest	15,670	206	(15,464)	1%
Total Revenues	\$757,580	\$574,283	(\$183,297)	76%
Expenditures				
Treasurers Fees CMMD DS	22,257	17,226	5,031	77%
CMMD Series 2017B Interest Pmts	20,224	10,084	10,140	50%
CMMD Series 2017B Principal	450,000	0	450,000	0%
CMMD Series 2015 Interest Pmts	10,148	0	10,148	0%
CMMD Series 2015 Principal	255,000	0	255,000	0%
Subtotal Debt Service	735,372	10,084	725,288	1%
Total Expenditures	\$757,629	\$27,310	\$730,319	4%
Revenue Over (Under) Expenditures	(\$49)	\$546,973	\$547,022	
Other Financing Sources (Uses)				
Bond Proceeds		0	0	
Cost of Issuance		0	0	
Escrow Funding		0	0	
Transfer from CPOA		0	0	
Transfer from Reserve Fund		0	0	
Subtotal Other Financing Sources (Uses)	0	0	0	
Change in Fund Balance	(49)	546,973		
Beginning Fund Balance	254,877	254,877		
Ending Fund Balance	254,828	801,850		

Cordillera Metropolitan District
Debt Service Fund - 2002 Bond Reserve
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021 Approved Budget	2021 Actual 6/30/2021	Actual vs Budget	
			Variance Favorable (Unfavorable)	Actual % Received or Spent
Revenues				
Sinking Fund - Chaveno Interest Income	-	7	7	
Total Revenues	\$0	\$7	\$7	
 Other Financing Sources (Uses)				
Transfer From CPOA	65,110	0	(65,110)	
Transfer to Debt Service Funds		0	0	
Subtotal Other Financing Sources (Uses)	65,110	0	(65,110)	
 Change in Fund Balance	\$65,110	\$7	(\$65,103)	
 Beginning Fund Balance	266,991	266,991		
Ending Fund Balance	332,101	266,998		

Cordillera Metropolitan District
Debt Service Fund - CMD
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021 Approved Budget	2021 Actual 6/30/2021	Current Period			Year to Date		
			Allocated Budget 6/30/2021	Variance Favorable (Unfavorable)	% Allocated	2021 Approved Budget	Variance Favorable (Unfavorable)	Variance %
Revenues								
Property Taxes CMD Debt Service	1,002,395	780,263	501,198	279,066	50%	1,002,395	(222,132)	78%
CMD Debt Service Interest	46,667	1,012	23,334	(22,321)	50%	46,667	(45,655)	2%
Total Revenues	\$1,049,062	\$781,276	\$524,531	\$256,745		\$1,049,062	(\$267,786)	74%
Expenditures								
Treasurers Fees CMD DS	30,702	23,436	15,351	(8,085)	50%	30,702	7,266	76%
CMD 2012 Principal	985,000	0	492,500	492,500	50%	985,000	985,000	0%
CMD 2012 Interest	45,308	22,592	22,654	62	50%	45,308	22,716	
CMD 2017A Interest	-	0	0	0	50%	-	0	
CMD 2017A Principal	-	0	0	0	50%	-	0	
CMD 2006A Series Interest Pmts	-	0	0	0	50%	-	0	
Subtotal Debt Service	1,061,010	46,028	530,505	484,477		1,061,010	1,014,982	4%
Total Expenditures	\$1,091,712	\$46,028	\$530,505	\$476,393		\$1,091,712	\$1,022,249	4%
Revenue Over (Under) Expenditures	(\$42,650)	\$735,248	(\$5,974)	\$733,137		(\$42,650)	\$754,462	
Transfer from CPOA	61,890	0	0	0		61,890	(61,890)	0%
Transfer from Reserve Fund	-	0	0	0		-	0	
Subtotal Other Financing Sources (Uses)	61,890	0	0	0		61,890	(61,890)	0%
Change in Fund Balance	19,240	735,248	(\$5,974)					
Beginning Fund Balance	208,585	208,585	58,552					
Ending Fund Balance	227,825	943,833	52,578					

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Cordillera Metropolitan District
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

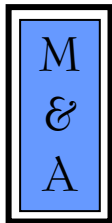
	2021 Approved Budget	2021 Actual 6/30/2021	Actual vs Budget	
			Variance Favorable (Unfavorable)	Actual % Received or Spent
Revenues				
Bearcat Stables	12,197	5,365	(6,832)	44%
Sale of Equipment		0	0	
Total Revenues	\$12,197	\$5,365	(\$6,832)	
Expenditures				
CommOps Building Foundation Repair		0	0	
Summit Tent		0	0	
Heavy Equipment - Capex	225,700	197,900	27,800	88%
Eques Ctr Remodel - 2017 Capex		0	0	
Admin Carpet - 2017 Capex		0	0	
Admin Windows - 2017 Capex		0	0	
Eques Footing - 2017 Capex		0	0	
Road Repair	634,000	133,424	500,576	21%
Street Light LED - 2017 Capex		0	0	
Traffic Calming	40,000	30,496	9,504	76%
Gate Replacement - 2017 Capex		0	0	
Call Box Replacement - 2017 Capex		0	0	
Radio Replacement - 2017 Capex		0	0	
Rekey Buildings - 2017 Capex		0	0	
Remodel Gate Houses - 2017 Capex		0	0	
Guardrail Replacement - 2017 Capex		0	0	
Aeration Pumps - 2018 Capex		0	0	
Trail Signage - 2018 Capex		0	0	
Divide Gatehouse Roof-2018 Capex		0	0	
Radio Equipment & AEDS- 2018 Capex		0	0	
Admin - Parking Lot Overlay		0	0	
HR Fire Proof Cabinet		0	0	
Equestrian Center Painting, Repairs & improvements		0	0	
Equestrian Center - Horses		0	0	
Com Ops Washbay Floors		0	0	
Com Ops Boiler Replacement		0	0	
Reserve Study		0	0	
Admin Paint		0	0	
Equestrian Ctr-Mechanical Room		0	0	
Equestrian Paddock Fencing - Capex	48,000	0	48,000	0%
Equestrian Dump Trailer		0	0	
Flower Bed Xeriscapae	10,000	2,104	7,896	21%
Bearden 2021-2022		0	0	
Healthy Forest Cap	25,000	0	0	
IT Security System Improvements - Capex	19,200	14,886	4,314	78%
Com Ops Equipment	52,000	45,786	6,215	88%
Grenada Glen Pavilion	7,000	8,870	(1,870)	127%
Admin Remodel	14,500	6,415	8,085	44%
Accounting Software	40,000	3,825	36,175	10%
Synexsis Microbial Air System	-	0	0	
Bearcat Stables Beautification	-	0	0	
Total Expenditures	\$1,115,400	\$443,705	\$646,695	
Revenue Over (Under) Expenditures	(\$1,103,203)	(\$438,340)	\$664,863	
Other Financing Sources (Uses)				
Transfer from General Fund	1,282,353	1,282,353	0	100%
Subtotal Other Financing Sources (Uses)	1,282,353	1,282,353	0	100%
Change in Fund Balance	\$179,150	\$844,013		
Beginning Fund Balance	319,726	319,726		
Ending Fund Balance	498,876	1,163,739		

Cordillera Metropolitan District (Consolidated)
Water Enterprise
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021 Budget	2021 Actual 6/30/2021	Actual vs Budget	
			Variance Favorable (Unfavorable)	Actual % Received or Spent
<u>Revenues</u>				
Water Usage Fees	-	0	0	
Water Tap Fees		0	0	
Incremental Sewer Tap Fees		0	0	
Water Fund Interest Income		631	631	
Total Revenues	0	631	631	
<u>Expenditures</u>				
Total Expenditures	0	0	0	0%
Revenue Over (Under) Expenditures	0	631	631	
Beginning Fund Balance	2,287,119	2,287,119		
Ending Fund Balance	2,259,867	2,287,750		

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Water Fund
For the Year Ended December 31, 2020

	2020			
	Original and Final Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues:				
Water tap fees	-	35,772	35,772	10,790
Interest income	-	10,752	10,752	-
Total Revenues	<u>-</u>	<u>46,524</u>	<u>46,524</u>	<u>10,790</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	46,524	46,524	10,790
Fund Balance - Beginning	<u>2,229,805</u>	<u>2,240,595</u>	<u>36,000</u>	<u>2,229,805</u>
Fund Balance - Ending	<u>2,229,805</u>	<u>2,287,119</u>	<u>82,524</u>	<u>2,240,595</u>



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To the Board of Directors Cordillera Metropolitan District

We have audited the financial statements of Cordillera Metropolitan District (the "District") for the year ended December 31, 2020. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cordillera Metropolitan District are described in the Notes to the Financial Statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Estimating the useful lives for depreciation on capital assets, based on common local government practice and experience.
- Estimating the allowance for uncollectible accounts based on management's experience together with actual collections history since year-end.

We evaluated the key factors and assumptions used to develop these estimates and found that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Refer to the schedule of corrected misstatements to see these corrections.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

Significant Deficiencies:

In planning and performing our audit of the District's financial statements as of and for the year ended June 30, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in District's internal control to be significant deficiencies.

Completeness and Accuracy of Accounting Records

During the audit, there were many instances where the accounting system and schedules did not agree with the underlying records. During audit fieldwork, many of the balance sheet accounts required extensive reconciliation to supporting documentation.

Management Response: Management is currently in the process of hiring an external accountant to perform some accounting functions.

Recommendations:

Fund Balance

The beginning fund balances did not agree to prior year's ending balances. This was primarily caused by prior year net income being closed to due to/from rather than fund balance. We recommend that the District review fund balances annually to verify that they agree to the prior year's ending balances.

Management Response: *CYMA is automatically closing net income to due to/from accounts rather than fund balance. Management is currently in the process of looking for new software.*

New Financial Reporting Standard

Financial reporting standards for the District are promulgated by the Governmental Accounting Standards Board ("GASB"). GASB has issued Statement 87, *Leases* ("GASB 87"), which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 was effective for reporting periods beginning after December 15, 2019. However, due to delays caused by the COVID-19 pandemic, GASB has issued Statement 95, which postpones the implementation of GASB 87 to periods beginning after June 15, 2021.

We will work with you to support implementation of this new standard and the related presentation considerations over the coming years.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

A handwritten signature in blue ink that reads "McMahon and Associates, L.L.C.".

**McMahan and Associates, L.L.C.
July 9, 2021**

Schedule of Corrected Misstatements
Year End: December 31, 2020
Date: 1/1/2020 to 12/31/2020

Number	Date	Account number	Account name	Debit	Credit
General Fund					
1	12/31/2020	39000.05.001	Fund Balance - Operating Fund	2,864,522	
1	12/31/2020	14000.05.001	Operating Fund - due to/from other funds		2,864,522
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					
2	12/31/2020	64400.06.001	Repairs & Maintenance	404	
2	12/31/2020	66400.06.001	Maintenance & Repairs		404
Provided by client journal entry to move repair and maintenance expense					
3	12/31/2020	43850.05.009	Interest Income	303	
3	12/31/2020	14000.05.001	Operating Fund - due to/from other funds		303
To move interest revenue out of general fund to water fund via due to/from.					
4	12/31/2020	41500.05.001	Specific Ownership Taxes - Operating	33,433	
4	12/31/2020	12300.01.001	Accts Receivable - Eagle County		33,433
To correct Specific Ownership Accounts receivable.					
5	12/31/2020	41500.05.001	Specific Ownership Taxes - Operating	82,861	
5	12/31/2020	14000.05.001	Operating Fund - due to/from other funds		82,861
To move Specific Ownership incorrectly booked to general fund to correct fund.					
6	12/31/2020	12300.01.001	Accts Receivable - Eagle County	2,000	
6	12/31/2020	45000.05.001	Other Revenue		2,000
To correct Accounts Receivable from Eagle County that was underbooked.					
7	12/31/2020	63200.06.001	Cinders, Gravel, Chemicals	10,025	
7	12/31/2020	21000.05.001	Accounts Payable		10,025
To correct Accounts Receivable from Eagle County that was underbooked by \$2,000 in the prior year.					

Number	Date	Account number	Account name	Debit	Credit
General Fund (continued)					
8	12/31/2020	12750.05.001	Prepaid Expenses	2,422	
8	12/31/2020	12400.01.001	Due to/from CPOA		95
8	12/31/2020	56200.05.001	Workers Compensation - Admin		22
8	12/31/2020	56200.06.001	Workers Compensation Comm Ops		651
8	12/31/2020	56200.07.001	Workers Compensation Public Safety		932
8	12/31/2020	56200.08.001	Workers Compensation Eq Center		721
To reduce 4th workers comp JE that was overexpensed.					
9	12/31/2020	43850.05.001	Interest Income Operating	1,523	
9	12/31/2020	14000.05.001	Operating Fund - due to/from other funds		1,523
To move interest revenue to the WMF fund.					
Capital Acquisition Fund					
10	12/31/2020	82348.05.004	Heavy Equipment Replacement	800	
10	12/31/2020	14000.05.004	Cap Projects - Due to/from other funds		800
To adjust sale of ATV from gasb 34 TB to Capital Acquisition Fund					
11	12/31/2020	39000.05.004	Fund Balance - Capital Fund	3,562	
11	12/31/2020	14000.05.004	Cap Projects - Due to/from other funds		3,562
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					
12	12/31/2020	82348.05.004	Heavy Equipment Replacement	27,000	
12	12/31/2020	82348.05.004	Heavy Equipment Replacement	800	
12	12/31/2020	82348.05.004	Heavy Equipment Replacement	4,000	
12	12/31/2020	82348.05.004	Heavy Equipment Replacement	5,500	
12	12/31/2020	44950.05.004	Sale of Equipment		37,300
To show equipment sales as revenue rather than netting against expense.					
13	12/31/2020	83001.05.004	Synexsis Microbial Air System	25,338	
13	12/31/2020	21000.05.004	Accounts payable		25,338
To record additional payable at year end.					
CMD Debt Service Fund					
14	12/31/2020	14000.05.002	CMD DS - Due to/from other funds	132,237	
14	12/31/2020	39000.05.002	Fund Balance - CMD Debt Service		132,237
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					

Number	Date	Account number	Account name	Debit	Credit
CMD Debt Service Fund (continued)					
15	12/31/2020	14000.05.002	CMD DS - Due to/from other funds	49,831	
15	12/31/2020	41500.05.002	Specific Ownership Taxes CMD DS		49,831
To record specific ownership tax in the correct fund.					
2002 Debt Service Fund					
16	12/31/2020	39000.05.007	Fund Balance - Debt Reserve Fund	51,550	
16	12/31/2020	14000.05.007	Sinking Fund - Due to/from other funds		51,550
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					
Wildlife Midigation Fund					
17	12/31/2020	14000.05.010	Wildlife - Due to/from other funds	2,550	
17	12/31/2020	39000.05.010	Fund Balance Wild Life		2,550
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					
18	12/31/2020	14000.05.010	Wildlife - Due to/from other funds	1,523	
18	12/31/2020	43850.05.009	Interest Income		1,523
To record interest revenue in correct fund.					
Water Fund					
19	12/31/2020	14000.05.005	Water Fund - Due to/from other funds	10,790	
19	12/31/2020	39100.05.005	Fund Balance - Water Tank		10,790
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					
20	12/31/2020	14000.05.005	Water Fund - Due to/from other funds	303	
20	12/31/2020	43850.05.008	Water Fund Interest Income		303
To move interest revenue out of general fund to Water Fund.					
21	12/31/2020	14000.05.002	CMD DS - Due to/from other funds	2,565,517	
21	12/31/2020	39000.05.009	Assets Net of Debt		2,565,517
CYMA closes net income to due to/from. Adjustment need to move due to/from to equity.					
22	12/31/2020	14000.05.002	CMD DS - Due to/from other funds	800	
22	12/31/2020	16100.05.008	Equipment - Vehicles		800
To adjust sale of asset out of GASB 34 TB to capital asquisition TB.					

Government Wide Fund				
23	12/31/2020	19311.05.009	AA - Bond Refunding Costs	11,968
23	12/31/2020	76010.05.009	Bond Refunding Costs	11,968
To correct amortization costs				
24	12/31/2020	20630.05.009	Bonds Payable - CMD 2012	960,000
24	12/31/2020	20920.05.009	Bonds Payable - CMMD 2015	245,000
24	12/31/2020	20940.05.009	Refunding Loan Payable - 2017B	610,000
24	12/31/2020	76060.05.009	Change in LT Debt	1,815,000
To book change in long term debt on the Gasb34 TB.				
25	12/31/2020	17100.05.008	Accumulated Depreciation	4,875
25	12/31/2020	17100.05.008	Accumulated Depreciation	286,753
25	12/31/2020	17100.05.008	Accumulated Depreciation	1,728,573
25	12/31/2020	39000.05.009	Assets Net of Debt	388,037
25	12/31/2020	G520	GAIN/LOSS ON SALE OF ASSET ADJUSTMENT	8,421
25	12/31/2020	16100.05.008	Equipment - Vehicles	286,753
25	12/31/2020	16400.05.008	Improvements	13,296
25	12/31/2020	17025.05.008	Buildings	2,116,610
To book capital asset deletions and remove fire stations that do not belong to the District				
26	12/31/2020	16100.05.008	Equipment - Vehicles	431,947
26	12/31/2020	16300.05.008	Road Infrastructure	703,930
26	12/31/2020	16400.05.008	Improvements	73,776
26	12/31/2020	17025.05.008	Buildings	
26	12/31/2020	G525	CAPITAL OUTLAY ADJUSTMENT	1,209,653
To book capital asset additions.				
27	12/31/2020	G505	GENERAL GOVERNMENT DEPRECIATION	78,013
27	12/31/2020	G506	PUBLIC WORKS DEPRECIATION	1,298,642
27	12/31/2020	G507	PUBLIC SAFETY DEPRECIATION	29,151
27	12/31/2020	G508	EQUESTRIAN CENTER DEPRECIATION	3,750
27	12/31/2020	17100.05.008	Accumulated Depreciation	1,409,556
Total			To book depreciation expense.	



Cordillera Metropolitan District

Financial Statements

December 31, 2020

CORDILLERA METROPOLITAN DISTRICT

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December 31, 2020

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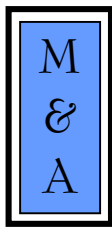
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Cordillera Metropolitan District

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

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, each major fund, and the aggregate remaining fund information of the Cordillera Metropolitan District as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discuss in note 5E to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) 87 – Leases in 2020. Our Opinion is not modified with respect to this matter.

Other Matters

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, 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, economical, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparisons and historical property tax schedules and debt service schedules found in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons and debt service schedules found in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The historical property tax schedules have 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 them.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
July 9, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cordillera Metropolitan District

Management's Discussion and Analysis

December 31, 2020

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 and liabilities, with the difference between the two 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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, public safety, recreation, and public works.

The government-wide financial statements can be found on pages C1 and 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.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The Governmental fund financial statements can be found on pages C3 and C7 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements for the years ended December 31, 2020 and 2019.

Cordillera Metropolitan District Net Position Governmental Activities

	2020	2019 (restated)
Assets:		
Current and other assets	12,454,861	11,941,286
Capital assets	14,076,765	14,285,087
Total Assets	26,531,626	26,226,373
 Deferred Outflows of Resources		
Deferred refunding costs	14,832	24,062
 Liabilities:		
Other liabilities	2,173,463	2,438,686
Long-term liabilities	1,715,000	3,405,000
Total Liabilities	3,888,463	5,843,686
 Deferred Inflows of Resources:		
Unavailable property tax revenue	6,184,081	6,165,622
Total Deferred Inflows of Resources	6,184,081	6,165,622
 Net Position:		
Net investment in capital assets	10,671,765	9,065,087
Restricted for emergencies	252,152	275,765
Restricted for debt service	730,453	509,570
Unrestricted	4,819,544	4,390,706
Total Net Position	16,473,914	14,241,128

Government-wide Financial Analysis (continued)

The District's overall financial position, as measured by net position, increased from \$14,241,128 at the end of 2019 to \$16,473,914 at the end of 2020.

Cordillera Metropolitan District Statement of Activities Governmental Activities

	2020	2019
Revenues:		
Program Revenues:		
Charges for services	1,853,608	1,658,745
Grants and contributions	37,110	12,168
General Revenues		
Property taxes	6,166,573	7,052,601
Other Taxes	219,554	226,275
Interest and other revenues	528,207	642,378
Total Revenues	<u>8,805,052</u>	<u>9,592,167</u>
Expenses:		
General government	1,888,400	1,516,770
Public works	3,111,754	3,190,372
Public safety	1,060,797	1,292,976
Design review board	-	16
Equestrian center	357,629	356,998
Recreation	26,743	29,028
Interest on long-term debt	118,522	199,628
Loss on disposal	8,421	4,426
Total Expenses	<u>6,572,266</u>	<u>6,590,214</u>
Change in Net Position	2,232,786	3,001,953
Net Position - Beginning (restated)	<u>14,241,128</u>	<u>11,239,175</u>
Net Position - Ending	<u>16,473,914</u>	<u>14,241,128</u>

Financial Analysis of the District's Funds

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

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,793,582 an an increase of \$629,054 from the prior year ending fund balances. Of the District's ending fund balance, \$252,152 is restricted, meaning it is not available for new spending because it has already been committed for emergencies under the Taxpayers' Bill of Rights (TABOR). Restricted fund balance of \$730,453 is for debt service payments. The remainder of the fund balance that has not been committed or assigned for a specific purpose is available for spending at the District's discretion.

Budget Variances – The General Fund actual revenues were under the final budget by \$253,000 on a revenue budget of \$6,759,565 and actual expenditures were under budget by \$246,143 compared to the original budget of \$6,579,736. The District's other funds showed favorable and unfavorable variances compared to budget. Details can be seen in sections E and F of this report.

Capital Assets – The District invested \$1,209,655 in capital asset additions during 2020, the majority of which was invested in improvements and additions to the District's infrastructure. Additional information pertaining to the District's capital assets can be found in the Notes to the Financial Statements in section D of this report.

Long-term Debt – in 2020, the District decreased its outstanding long-term debt balance \$1,815,000 bringing the ending debt balance to \$3,405,000. Additional information pertaining to the District's long-term debt can be found in the Notes to the Financial Statements in section D of this report and in the schedules of debt service requirements to maturity in section F.

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 Metropolitan District, Attn: Finance Office, 408 Carterville Road, Cordillera, Colorado, 81632 or you may call 970-926-1923.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Cordillera Metropolitan District
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets:	
Cash	5,332,023
Accounts receivable:	
Property tax	6,184,081
Other governments	24,708
CPOA	632,242
Other	128,445
Prepaid expenditures	153,362
Capital assets, net	14,076,765
Total Assets	26,531,626
Deferred Outflows of Resources:	
Deferred refunding costs	14,832
Total Deferred Outflows of Resources	14,832
Liabilities:	
Accounts payable	95,283
Accrued liabilities	27,046
Deposits held	130,779
Accrued compensated absences	224,090
Accrued interest payable	6,265
Non-current liabilities due within one year:	
General obligation debt	1,690,000
Non-current liabilities due in excess of one year:	
General obligation debt	1,715,000
Total Liabilities	3,888,463
Deferred Inflows of Resources:	
Unavailable property tax revenue	6,184,081
Total Deferred Inflows of Resources	6,184,081
Net Position:	
Net investment in capital assets (restated)	10,671,765
Restricted for emergencies	252,152
Restricted for debt service	730,453
Unrestricted	4,819,544
Total Net Position	16,473,914

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

Cordillera Metropolitan District
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	1,888,400	1,337,178	-	(551,222)
Public works	3,111,754	53,405	-	(3,022,577)
Public safety	1,060,797	37,914	-	(1,022,883)
Equestrian center	357,629	425,111	-	67,482
Recreation	26,743	-	-	(25,405)
Interest on long-term debt	118,522	-	-	(118,522)
Total governmental activities	6,563,845	1,853,608	-	(4,673,127)
General revenues:				
Taxes:				
Property tax, levied for general purposes				4,371,488
Property tax, levied for debt service				1,795,085
Specific ownership tax				219,554
Investment earnings				29,912
Contributions from CPOA				400,000
Miscellaneous income				98,295
Gain (loss) on sale of assets				(8,421)
Total general revenues and special items				6,905,913
Change in Net Position				2,232,786
Net Position - Beginning (restated)				14,241,128
Net Position - Ending				16,473,914

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

FUND FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Balance Sheets
Governmental Funds
December 31, 2020**

	Debt Service				Capital Projects		
	General	CMD	CMMD	2002 Bonds	Water	Other	Total
Assets:							
Cash and cash equivalents	1,969,387	208,585	254,877	266,991	2,287,119	345,064	5,332,023
Accounts receivable	128,445	-	-	-	-	-	128,445
Due from CPOA	632,242	-	-	-	-	-	632,242
Due from Eagle County Treasurer	24,708	-	-	-	-	-	24,708
Property tax receivable	4,439,776	1,002,395	741,910	-	-	-	6,184,081
Prepaid expenditures	153,362	-	-	-	-	-	153,362
Total Assets	7,347,920	1,210,980	996,787	266,991	2,287,119	345,064	12,454,861
Liabilities:							
Accounts payable	69,945	-	-	-	-	25,338	95,283
Accrued liabilities	27,046	-	-	-	-	-	27,046
Deposits held	130,779	-	-	-	-	-	130,779
Accrued compensated absences	224,090	-	-	-	-	-	224,090
Total Liabilities	451,860	-	-	-	-	25,338	477,198
Deferred Inflows of Resources:							
Unavailable property tax revenue	4,439,776	1,002,395	741,910	-	-	-	6,184,081
Total Deferred Inflows of Resources	4,439,776	1,002,395	741,910	-	-	-	6,184,081
Fund Balance:							
Nonspendable	153,362	-	-	-	-	-	153,362
Restricted for:							
TABOR emergency reserve	252,152	-	-	-	-	-	252,152
Debt service	-	208,585	254,877	266,991	-	-	730,453
Assigned to:							
Water rights and projects	-	-	-	-	2,287,119	-	2,287,119
Other projects	-	-	-	-	-	319,726	319,726
Unassigned	2,050,770	-	-	-	-	-	2,050,770
Total Fund Balance	2,456,284	208,585	254,877	266,991	2,287,119	319,726	5,793,582
Total Liabilities, Deferred Inflows and Fund Balance	7,347,920	1,210,980	996,787	266,991	2,287,119	345,064	12,454,861

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

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

14,076,765

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds.

(3,411,265)

Deferred charges such as deferred refunding costs, premiums, and discounts
on bonded debt, are treated as current transactions on the fund financial statements,
but are capitalized and amortized on the Statement of Net Position.

14,832

Net Position of Governmental Activities

16,473,914

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

Cordillera Metropolitan District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

		Debt Service			Capital Projects		
	General	CMD	CMMD	2002 Bonds	Water	Other	Total
Revenues:							
Taxes	4,591,042	1,040,515	754,574	-	-	-	6,386,131
Charges for services	1,853,608	-	-	-	-	-	1,853,608
Tap fees	-	-	-	-	35,772	-	35,772
Other revenue	61,915	3,500	4,025	155	10,752	49,198	129,545
Total Revenues	6,506,565	1,044,015	758,599	155	46,524	49,198	8,405,056
Expenditures:							
General and administration	1,759,081	29,752	21,558	-	-	-	1,810,391
Public safety	1,031,646	-	-	-	-	-	1,031,646
Public works	1,782,244	-	-	-	-	-	1,782,244
Equestrian Center	353,879	-	-	-	-	-	353,879
Recreation	26,743	-	-	-	-	-	26,743
Debt Service:							
Interest	-	66,904	48,672	-	-	-	115,576
Principal	-	960,000	855,000	-	-	-	1,815,000
Capital outlay	-	-	-	-	-	1,240,523	1,240,523
Total Expenditures	4,953,593	1,056,656	925,230	-	-	1,240,523	8,176,002
Excess (Deficiency) of Revenues Over Expenditures	1,552,972	(12,641)	(166,631)	155	46,524	(1,191,325)	229,054
Other Financing Sources (Uses):							
Contribution from CPOA	-	24,956	174,157	200,887	-	-	400,000
Transfers in (out)	(1,380,000)	-	-	-	-	1,380,000	-
Total Other Financing Sources (Uses)	(1,380,000)	24,956	174,157	200,887	-	1,380,000	400,000
Net Change in Fund Balance	172,972	12,315	7,526	201,042	46,524	188,675	629,054
Beginning Fund Balance	2,283,312	196,270	247,351	65,949	2,240,595	131,051	5,164,528
Ending Fund Balance	2,456,284	208,585	254,877	266,991	2,287,119	319,726	5,793,582

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

**Cordillera Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020**

Net Change in Fund Balance of Governmental Funds	629,054
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 depreciation exceeded capital outlay during the year.	(199,901)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any 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.	1,812,054
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and asset impairment) is to decrease net position, but not use or contribute financial resources. This is a loss on the disposition of assets.	<u>(8,421)</u>
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Change in Net Position of Governmental Activities	<u><u>2,232,786</u></u>
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**Cordillera Metropolitan District
Statement of Fiduciary Net Position
Wildlife Mitigation Fund
December 31, 2020**

Assets:

Cash and cash equivalents	250,482
Total Assets	<u>250,482</u>

Net Position:

Held in trust for wildlife mitigation purposes	250,482
Total Net Position	<u>250,482</u>

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

**Cordillera Metropolitan District
Statement of Changes in Fiduciary Net Position
Wildlife Mitigation Fund
December 31, 2020**

Additions:	
Interest income	<u>1,523</u>
Total Additions	<u>1,523</u>
Change in Net Position	<u>1,523</u>
Net Position - Beginning	<u>248,959</u>
Net Position - Ending	<u><u>250,482</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020**

I. Summary of Significant Accounting Policies

Cordillera Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide water, streets, safety controls, fire protection, cable television system, transportation and mosquito control within its boundaries which are located in Eagle County, Colorado. An amendment to the District's service plan in 1997 gave the District powers to provide parks and recreation facilities and services. An amended and restated service plan, approved in 2005, gave the District the authority to exercise all of the powers authorized pursuant to the Colorado Special District Act.

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). The more significant accounting policies established by GAAP used by the District are discussed below.

A. 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.

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). Fiduciary fund types are reported separately on pages C6 and C7. Both the government-wide and fund financial statements categorize primary activities as governmental.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted net position. The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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 major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund - CMD* is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs for debt issued by the District.

The *Debt Service Fund - CMMD* is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs for debt issued by Cordillera Mountain Metropolitan District prior to the consolidation with the District.

The *Debt Service Fund – 2002 Debt Reserve* is used to account for the accumulation of financial resources contributed by Cordillera Property Owners Association to be used restrictively and exclusively for the payment of general long-term debt principal, interest, and other related costs for debt issued by Cordillera Metropolitan District and by Cordillera Mountain Metropolitan District prior to the consolidation with the District.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The *Water Fund* is used to account for tap fee revenue and associated expenses.

Additionally, the District reports the following fiduciary fund:

The *Wildlife Mitigation Trust Fund* is used to account for resources legally held in trust for use by the District for projects related solely to mitigating impacts on wildlife within the District. All investment earnings are available to be used for such projects at the direction of the District's wildlife mitigation committee. The trust agreement requires preservation of the principal balance of approximately \$170,700.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

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.

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.

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 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 1) charges to customers for goods and services 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.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash 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.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents, and Investments (continued)

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

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- 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
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pool

2. Receivables

All property tax and other receivables are shown net of an allowance for uncollectible accounts.

3. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e. they are netted).

4. Prepaid Expenditures

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as non-spendable as this amount is not available for general appropriation.

5. 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 deferred revenue.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. 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 estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Infrastructure and buildings are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure, buildings, and improvements	30 - 40
Water and sewer systems	20
Vehicles and equipment	5

7. Accounts Payable, Accrued Liabilities, and Long-term Obligations

Accounts payable represent liabilities for goods and services received by the District that remain unpaid at December 31, 2020. All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.

8. Deposits Held

Deposits held represent refundable deposits held until the expiration of the lease, these are reported in the government-wide financial statements. Governmental funds report the liability "when due."

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "*when due*."

10. Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or because of legal or contractual requirements.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and other governments), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (See Note III. B.).

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Reserved Fund Balance

The governmental funds, excluding debt service, had a restricted fund balance of for emergencies as required under TABOR (See Note III. B.).

The CMD, CMMD and 2002 Debt Reserve Debt Service Funds have restricted fund balances for future debt service of \$208,585, \$254,877 and \$266,991 respectively. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

12. Deferred Outflows/Inflows of Resources

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 and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenues from property taxes. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets

The governmental fund Balance Sheet includes reconciliation between *fund balance – governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ 3,405,000
Accrued interest	6,265
Total	<u>\$ 3,411,265</u>

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “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.” The details of this net reduction of \$199,901 is capital outlay of \$1,209,655 less current year depreciation expense of \$1,409,556.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities (continued)

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any 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.”

The details of this \$1,812,054 difference are as follows:

Principal	\$ 1,815,000
Amortization of refunding costs	\$ (9,230)
Interest	6,284
Total	<u>\$ 1,812,054</u>

III. 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 Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (“GAAP”). The budgets for the proprietary funds are adopted on a Non-GAAP budgetary basis and are reconciled to GAAP basis if necessary.

As required by Colorado statutes, the District followed the following time table 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 final recertified assessed valuation of all taxable property within the District’s boundaries.
- (2) On or before October 15, 2019, the District’s staff 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.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (3) A public hearing on the proposed budget and capital program was held by the Board.
- (4) For the 2020 budget, prior to December 15, 2019, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2020 budget, the final budget and appropriating resolution was adopted prior to December 31, 2019.
- (6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 were collected in 2020 and 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 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.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

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 which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that 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.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 4, 2003, the District's electors approved a ballot question which permits the District to impose a mill levy for operations, maintenance and other expenses sufficient to generate a maximum of \$2,700,000 in revenues in collection year 2004 and every year thereafter. Such taxes may increase as allowed by Sections 29-1-301 of the Colorado Revised Statutes, which generally permits annual increases of no more than 5.5%. Further, the District's operations and maintenance mill levy may be adjusted to: (i) account for changes in law or the method by which assessed valuations are calculated, and (ii) offset any property tax cut or limit which is mandated by the State constitution.

On November 4, 2008 the District's electors approved a ballot question authorizing the district to collect, retain and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, contract payments, grants or any other fee, rate, toll, penalty or charge authorized by law or contract to be imposed collected received by the district in 2008 and each fiscal year thereafter without regard to any spending, revenue-raising or other limitations imposed by TABOR or Colorado law.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2020, year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$252,152 which is the approximate required reserve at December 31, 2020.

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.

IV. 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.

Interest Rate Risk. The District limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the District avoids interest rate risk.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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 a concentration of credit risk.

Deposits and investments are presented on the Statement of Net Position as follows:

Type	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
Deposits:				
Petty Cash		\$ 200	200	-
Checking and depository	n/a	1,512,178	1,512,178	-
Investments:				
Certificates of deposits	n/a	170,716	170,716	-
Colotrust	AAAm	3,899,411	3,899,411	-
		<u>\$ 5,582,505</u>	<u>\$ 5,582,505</u>	<u>\$ -</u>

The summary of the District's cash and investment book balances at December 31, 2020 is shown below.

Type	Primary Government	Fiduciary Government	Total District
<i>Deposits:</i>			
Petty Cash	\$ 200	-	200
Checking and depository	1,432,412	79,766	1,512,178
<i>Investments:</i>			
Certificates of deposits	-	170,716	170,716
Colotrust	3,899,411	-	3,899,411
	<u>\$ 5,332,023</u>	<u>250,482</u>	<u>5,582,505</u>

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. 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, 2020, the District had the following recurring measurements:

Investments Measured at Fair Value	Total	Fair Value Measurement		
		Level 1	Level 2	Level 3
Certificate of Deposit	\$ 170,716	\$ -	\$ 170,716	\$ -
	<u>\$ 170,716</u>	<u>\$ -</u>	<u>\$ 170,716</u>	<u>\$ -</u>

Colorado Local Government Investment Pool At December 31, 2020, the District had invested \$3,899,411 in the Colorado Government Liquid Asset Trust ("COLOTRUST"), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the State Securities Commissioner. It operates similarly to money market funds and each share is equal in value to \$1. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance (restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 7,285,224	-	-	7,285,224
Total Capital assets not being depreciated	<u>7,285,224</u>	<u>-</u>	<u>-</u>	<u>7,285,224</u>
Capital assets, being depreciated				
Infrastructure	17,489,350	703,931	-	18,193,281
Improvements	4,781,971	73,776	(13,296)	4,842,451
Buildings	5,640,704	-	-	5,640,704
Vehicles and equipment	3,737,950	431,948	(286,753)	3,883,145
Total capital assets being depreciated	<u>31,649,975</u>	<u>1,209,655</u>	<u>(300,049)</u>	<u>32,559,581</u>
Total capital assets of governmental activities	<u>38,935,199</u>	<u>1,209,655</u>	<u>(300,049)</u>	<u>39,844,805</u>
Less: accumulated depreciation:				
Infrastructure	(13,861,761)	(503,573)	-	(14,365,334)
Improvements	(3,635,325)	(217,046)	4,875	(3,847,496)
Buildings	(4,578,068)	(220,629)	-	(4,798,697)
Vehicles and equipment	(2,574,958)	(468,308)	286,753	(2,756,513)
Total accumulated depreciation	<u>(24,650,112)</u>	<u>(1,409,556)</u>	<u>291,628</u>	<u>(25,768,040)</u>
Total capital assets, being depreciated, net	<u>6,999,863</u>	<u>(199,901)</u>	<u>(8,421)</u>	<u>6,791,541</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,285,087</u>	<u>(199,901)</u>	<u>(8,421)</u>	<u>14,076,765</u>

Depreciation for the year ended December 31, 2020 was charged to the District's functions as follows:

Governmental Activities:

General Government	\$ 78,013
Public Works	1,298,642
Public Safety	29,151
Equestrian	3,750
Total	<u>\$ 1,409,556</u>

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt

A summary of long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

Governmental Activities

G.O. Bonds Payable

Beginning Balance	\$ 5,220,000
Deletions	(1,815,000)
Ending Balances	<u>\$ 3,405,000</u>

Due Within One Year	<u>\$ 1,690,000</u>
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1. General Obligation Refunding Bonds, Series 2012 – CMD

The District issued \$6,500,000 of general obligation refunding bonds dated December 3, 2015 with an interest rate of 2.24%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance were used to advance refund all of the CMD series 2002 bonds.

2. General Obligation Refunding Bonds, Series 2015 - CMMD

The District issued \$1,650,000 of general obligation refunding bonds dated May 18, 2015 with interest rate of 2.05%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance were used to advance refund the series 2002A bonds with a present value savings of \$212,384.

3. General Obligation Refunding Loan Series 2017B – CMMD

The District issued \$3,470,000 of general obligation refunding loan dated September 12, 2017 with an interest rate of 2.180%. The principal on the loan is payable on December 1 of each year and matures in 2022. The proceeds from the loan issue were used to advance refund Series 2006A Bonds.

4. Annual Debt Service Requirements

Annual debt service requirements to maturity for general obligation debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,690,000	75,404	1,765,404
2022	1,715,000	37,995	1,752,995
	<u>\$ 3,405,000</u>	<u>113,399</u>	<u>3,518,399</u>

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information

A. Water Service Agreement

The District, the Edwards Metropolitan District and the Upper Eagle Regional Water District are parties to an Amended and Restated Water Service Agreement dated March 25, 2004 (the "Water Service Agreement"), concerning the provision of treated water to the area within the District. The Water Service Agreement provides that the Water District shall provide water service to the property within the District up to a maximum of 1,685 single family equivalent units, comprised of 1,522 residential units and 135 commercial units. Water rights and system infrastructure serving the District were originally owned by the Squaw Creek Metropolitan District and were transferred to the District in 2003. These assets were further transferred to the Water District in 2004. Water users within the District pay periodic water service charges to the Water District. Under the Water Services Agreement, in 2004, the District paid to the Water District \$882,500 to be used by the Water District for the purchase and/or lease of water rights sufficient to augment current rights held to extent necessary to accommodate future growth within the District. In 2007 the District received a refund of \$520,340 from the Water District pursuant to the agreement.

B. Colorado Special Districts Property and Liability Pool

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.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

V. Other Information (continued)

C. Retirement Plan

The District participates in the Security Benefit, multiple-employer public employee retirement systems that are qualified plans as defined by IRS Code Section 401(A) and 457 and Colorado Revised Statutes (CRS) 24.54. The plans provide retirement benefits through a defined contribution plan to participating counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. There are no unfunded past service liabilities. All full-time and part-time regular employees are required to participate in the 401(A) plan after approximately one month of service. The District contributes 6.2% of employee compensation, excluding overtime and bonuses. The employee is required to contribute an amount at least equal to the District's contribution. District employees may also choose to participate in the 457 plan. The District provides a 25% match to employee contributions to the 457 plan up to the annual IRS limits on individual contributions. Actual Contributions amounted to \$71,877 (employer) and \$287,508 (employee) during 2020.

The District and employees each made the required 6.2% minimum contributions to the 401(A) plan in 2020 of \$168,087. Required contribution rates may be amended within the statutory limits by the Board of Directors of the District.

D. Commitments and Contingencies

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. Management of the District and their legal representatives are not aware of any material outstanding claims against the District at December 31, 2020.

E. Cordillera Property Owners Association

Effective January 1, 2020, the District entered into an agreement with Cordillera Property Owners Association (the "Association") to provide general administrative, management, design review services, public safety, covenant enforcement and other such services for the Association. The agreement has an initial term expiring December 31, 2020 and is annually renewable, for a twelve-month term, unless terminated by either party.

The District received cash of \$2,214,204 for services under the agreement during 2020.

The District owes the Association \$632,242 at December 31, 2020. Changes in the payable to CPOA are as follows:

	Receivable (Payable) Association
Balance at December 31, 2019	\$ 1,233,845
Payroll charged to Association	285,550
Insurance	37,258
Debt contribution	400,000
Administrative fees	731,656
Other	158,137
Payments	(2,214,204)
Balance at December 31, 2020	\$ 632,242

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)**

V. Other Information (continued)

E. Cordillera Property Owners Association (continued)

Effective January 1, 2004, the Association entered into a land lease agreement, for the Market/Post Office, with the District. Terms of the land lease include \$1 per year rental payment until January 1, 2103 at which time the Association may continue as a year-to-year tenant.

VI. Legal Matters

A. Starview Realty Investments, LP vs. Cordillera Metropolitan District

On April 17, 2013, Starview Realty Investments, LP ("Starview") filed suit against the District in Eagle County District Court, Case No. 2013CV177. Starview owns property within the District's boundaries and, in its suit against the District, alleges that the District does not provide any services or infrastructure to the property, and thus, has been unjustly enriched by collecting taxes from Starview. Starview alleges that the District has further violated State Constitutional provisions by collecting taxes and not providing service. The District believes the legal theories upon which the case was filed are without merit. The District filed a motion to dismiss which was granted, in part, by Court Order, dated July 11, 2013. The Court's Order left only four (4) of the Plaintiffs claims for relief pending. These four (4) claims were tried at a bench trial held in the Eagle County District Court on April 1 and April 2, 2015. As of the date of this letter, the Court has not entered a ruling following the trial. On November 5, 2018, the Court entered an Order finding in favor of the District on all of Plaintiff's remaining claims.

On December 18, 2018, Plaintiff filed a Notice of Appeal in the Colorado Court of Appeals, Case No. 2018CA002395. Plaintiff/Appellant filed an opening brief in the appeal on April 16, 2019, the District/Appellant filed an answer brief on June 11, 2019, and Plaintiff/Appellant filed a reply brief on July 2, 2019. On March 5, 2020, the Court of Appeals affirmed the District Court's Order. As of the date of this letter, no further action has been filed by the Plaintiff or the District. Plaintiff did not file a petition for rehearing with the Court of Appeals or a petition for writ certiorari with the Colorado Supreme Court within the allotted time period. Therefore, this case is now closed.

VII. Net Position Restatement

Beginning balance of net position was restated in 2020. In prior years, two fire stations were recorded as capital assets. During the audit of these financial statements, management discovered that these two fire stations had been conveyed to Eagle River Fire Protection District. Eagle County assessor records indicate that this transfer occurred on April 14, 2010. These assets were recorded at a cost of \$2,116,610 with accumulated depreciation of \$1,728,573, and were removed from the District's capital asset schedule. The net amount of the restatement was to reduce capital assets and net position by \$380,037 as of January 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2020

	2020			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
				2019 Actual
Revenues:				
Taxes:				
Property tax	4,420,622	4,420,622	4,371,488	(49,134)
Specific ownership tax	280,000	280,000	219,554	(60,446)
Charges for services:				
CPOA administration fees	1,463,311	1,463,311	1,317,758	(145,553)
Trailer storage fees	47,596	47,596	33,755	(13,841)
Transponder revenue	33,000	33,000	37,914	4,914
Sewer lift revenue	19,656	19,656	19,650	(6)
Other fees	3,000	3,000	19,420	16,420
Equestrian Center	424,017	424,017	425,111	1,094
Other revenue:				
Electric utility refunds	2,000	2,000	3,144	1,144
Interest income	50,000	50,000	22,232	(27,768)
Lottery proceeds	1,200	1,200	1,338	138
Grant revenue	5,900	5,900	21,638	15,738
Other income	9,263	9,263	13,563	4,300
Total Revenues	6,759,565	6,759,565	6,506,565	(253,000)
Expenditures:				
General and administration:				
Wages and benefits	1,118,231	1,118,231	1,102,920	15,311
Operations	856,888	856,888	656,161	200,727
Public safety:				
Wages and benefits	938,845	938,845	971,411	(32,566)
Operations	63,613	63,613	60,235	3,378
Public works:				
Wages and benefits	1,048,920	1,048,920	1,015,613	33,307
Operations	749,586	749,586	766,631	(17,045)
Design Review Board	2,600	2,600	-	2,600
Recreation	27,222	27,222	26,743	479
Equestrian Center	393,831	393,831	353,879	39,952
Total Expenditures	5,199,736	5,199,736	4,953,593	246,143
(Deficiency) of Revenues Over Expenditures	1,559,829	1,559,829	1,552,972	(6,857)
Other Financing Sources (Uses):				
Transfer to other funds	(1,380,000)	(1,380,000)	(1,380,000)	-
Total Other Financing Sources (Uses)	(1,380,000)	(1,380,000)	(1,380,000)	-
Net Change in Fund Balance	179,829	179,829	172,972	(6,857)
Fund Balance - Beginning	2,285,969	2,285,969	2,283,312	(2,657)
Fund Balance - Ending	2,465,798	2,465,798	2,456,284	(9,514)

SUPPLEMENTARY INFORMATION

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - CMD Debt Service Fund
For the Year Ended December 31, 2020

	2020		
	Original and Final Budget	Actual	Variance Positive (Negative)
			2019 Actual
Revenues:			
Taxes:			
Property tax	1,000,000	990,684	(9,316)
Specific ownership tax	-	49,831	49,831
Interest income	10,000	3,500	(6,500)
Total Revenues	1,010,000	1,044,015	34,015
Expenditures:			
Debt service:			
Bond interest	67,295	66,904	391
Bond principal	960,000	960,000	-
Treasurer's fees	30,000	29,752	248
Total Expenditures	1,057,295	1,056,656	639
(Deficiency) of Revenues Over Expenditures	(47,295)	(12,641)	34,654
Other Financing Sources (Uses):			
Contribution from CPOA	24,956	24,956	-
Transfer from other funds	-	-	-
Total Other Financing Sources (Uses)	24,956	24,956	-
Net Change in Fund Balance	(22,339)	12,315	34,654
Fund Balance - Beginning	174,307	196,270	21,963
Fund Balance - Ending	151,968	208,585	196,270

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - CMMD Debt Service Fund
For the Year Ended December 31, 2020

	2020			
	Original and Final Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues:				
Taxes:				
Property tax	745,000	717,536	(27,464)	900,003
Specific ownership tax	-	37,038	37,038	48,611
Interest income	10,000	4,025	(5,975)	18,584
Total Revenues	<u>755,000</u>	<u>758,599</u>	<u>3,599</u>	<u>967,198</u>
Expenditures:				
Debt service:				
Bond interest	48,415	48,672	(257)	68,097
Bond principal	855,000	855,000	-	915,000
Treasurer's fees	22,350	21,558	792	27,063
Total Expenditures	<u>925,765</u>	<u>925,230</u>	<u>535</u>	<u>1,010,160</u>
(Deficiency) of Revenues Over Expenditures	<u>(170,765)</u>	<u>(166,631)</u>	<u>4,134</u>	<u>(42,962)</u>
Other Financing Sources (Uses):				
Contribution from CPOA	174,157	174,157	-	251,500
Total Other Financing Sources (Uses)	<u>174,157</u>	<u>174,157</u>	<u>-</u>	<u>251,500</u>
Net Change in Fund Balance	3,392	7,526	4,134	208,538
Fund Balance - Beginning	80,911	247,351	166,440	38,813
Fund Balance - Ending	<u>84,303</u>	<u>254,877</u>	<u>170,574</u>	<u>247,351</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - 2002 Debt Service Fund
For the Year Ended December 31, 2020

	2020			
	Original and Final Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues:				
Interest income	1,500	155	(1,345)	2,046
Total Revenues	<u>1,500</u>	<u>155</u>	<u>(1,345)</u>	<u>2,046</u>
Other Financing Sources (Uses):				
Contribution from CPOA	200,887	200,887	-	-
Transfer to other funds	-	-	-	(53,596)
Total Other Financing Sources (Uses)	<u>200,887</u>	<u>200,887</u>	<u>-</u>	<u>(53,596)</u>
Net Change in Fund Balance	202,387	201,042	(1,345)	(51,550)
Fund Balance - Beginning	15,426	65,949	50,523	117,499
Fund Balance - Ending	<u>217,813</u>	<u>266,991</u>	<u>49,178</u>	<u>65,949</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Water Fund
For the Year Ended December 31, 2020

	2020			
	Original and Final Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues:				
Water tap fees	-	35,772	35,772	10,790
Interest income	-	10,752	10,752	-
Total Revenues	<u>-</u>	<u>46,524</u>	<u>46,524</u>	<u>10,790</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	46,524	46,524	10,790
Fund Balance - Beginning	2,229,805	2,240,595	36,000	2,229,805
Fund Balance - Ending	<u>2,229,805</u>	<u>2,287,119</u>	<u>82,524</u>	<u>2,240,595</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2020

	2020			
	Original and Final Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues:				
Bearcat Stables improvements	10,697	11,898	1,201	9,151
Sale of equipment	-	37,300	37,300	74,157
Total Revenues	<u>10,697</u>	<u>49,198</u>	<u>38,501</u>	<u>83,308</u>
Expenditures:				
Heavy equipment	286,400	321,438	(35,038)	438,424
Administration remodel	85,345	75,955	9,390	-
Sealcoat	15,000	17,785	(2,785)	-
Road repair	702,000	703,931	(1,931)	559,696
Air filtration system	-	53,929	(53,929)	-
Washbay Floors	-	-	-	6,000
Boiler Replacement	-	-	-	40,000
Reserve Study	-	-	-	8,086
Painting	-	-	-	17,600
Floor upgrade	-	-	-	11,597
Lighting upgrade	-	-	-	9,308
Equestrian upgrades	-	-	-	20,149
IT system improvements	67,500	67,007	493	162,419
Pavilion Grenada Glen	15,000	-	-	-
Bearcat stables	14,000	-	-	-
Accounting software	40,000	-	-	-
Road improvements	5,000	478	4,522	13,591
Total Expenditures	<u>1,230,245</u>	<u>1,240,523</u>	<u>(79,278)</u>	<u>1,286,870</u>
(Deficiency) of Revenues Over Expenditures	(1,219,548)	(1,191,325)	(40,777)	(1,203,562)
Other Financing Sources (Uses):				
Transfer (to) from other fund	1,380,000	1,380,000	-	1,200,000
Total Other Financing Sources (Uses)	<u>1,380,000</u>	<u>1,380,000</u>	<u>-</u>	<u>1,200,000</u>
Net Change in Fund Balance	160,452	188,675	(40,777)	(3,562)
Fund Balance - Beginning	93,116	131,051	37,935	134,613
Fund Balance - Ending	<u>253,568</u>	<u>319,726</u>	<u>66,158</u>	<u>131,051</u>

Cordillera Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Tax Collected
December 31, 2020

<u>Year Ended December 31</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
<u>Cordillera Metropolitan District:</u>					
2012	79,115,500	26.535	2,099,330	2,082,237	99.19%
2013	78,623,900	22.720	1,786,335	1,793,771	100.42%
2014	66,295,550	25.480	1,689,211	1,683,609	99.67%
2015	66,292,630	25.738	1,706,240	1,704,721	99.91%
2016	81,404,100	21.574	1,756,212	1,752,247	99.77%
2017	80,935,260	20.797	1,683,211	1,679,357	99.77%
2018	76,792,530	21.919	1,683,215	1,675,077	99.52%
2019	76,496,570	24.733	1,891,990	1,864,434	98.54%
2020	73,789,960	13.552	1,000,002	990,684	99.07%
2021	73,966,590	13.552	1,002,395		
<u>Cordillera Mountain Metropolitan District:</u>					
2012	17,758,590	60.728	1,078,444	1,063,780	98.64%
2013	17,939,080	56.804	1,019,012	1,019,012	100.00%
2014	16,260,060	57.011	927,002	924,915	99.77%
2015	16,252,350	54.823	891,003	890,999	100.00%
2016	19,095,230	41.589	794,152	773,142	97.35%
2017	19,146,270	41.478	794,149	785,630	98.93%
2018	19,864,220	39.979	794,152	793,152	99.87%
2019	19,913,790	45.195	900,004	900,003	100.00%
2020	19,027,630	39.154	745,008	717,536	96.31%
2021	18,948,510	39.154	741,910		
<u>Combined operating mill levy:</u>					
2012	96,874,090	31.478	3,049,403	3,020,319	99.05%
2013	96,562,980	31.579	3,049,362	3,054,937	100.18%
2014	80,833,420	39.691	3,208,359	3,200,674	99.76%
2015	80,255,450	42.070	3,376,347	3,374,047	99.93%
2016	98,641,540	36.111	3,562,045	3,537,163	99.30%
2017	98,333,990	38.034	3,740,035	3,725,010	99.60%
2018	94,856,760	41.598	3,945,852	3,929,061	99.57%
2019	94,611,250	44.284	4,189,765	4,168,492	99.49%
2020	90,695,930	48.736	4,420,157	4,439,776	100.44%
2021	91,098,490	48.736	4,439,776		

**Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Metropolitan District
December 31, 2020**

Bonds and Interest Maturing in the Year Ending December 31,	\$6,500,000 G.O. Refunding Loan Series 2012 Interest Rate 2.24%		Total
	Principal	Interest	Debt Service
2021	985,000	45,309	1,030,309
2022	1,010,000	22,938	1,032,938
Total	1,995,000	68,247	2,063,247

**Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Mountain Metropolitan District
December 31, 2020**

Bonds and Interest Maturing in the Year Ending December 31,	\$1,650,000 G.O. Bonds Series 2015 Interest Rate 2.05%		\$3,470,000 G.O. Refunding Loan Series 2017B Interest Rate 2.18%		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2021	255,000	10,148	450,000	19,947	705,000	30,095	735,095
2022	240,000	4,920	465,000	10,137	705,000	15,057	720,057
Total	495,000	15,068	915,000	30,084	1,410,000	45,152	1,455,152

Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Metropolitan District and Cordillera Mountain Metropolitan District
December 31, 2020

Year Ending December 31	CMD & CMMD Principal Total	CMD & CMMD Interest Total	CMD & CMMD Debt Service Total
2021	1,690,000	75,403	1,765,403
2022	1,715,000	37,995	1,752,995
	<u>3,405,000</u>	<u>113,398</u>	<u>3,518,398</u>

RESOLUTION GOVERNING USE OF CMD ASSETS TO SEND POLITICAL OR
PERSONAL MESSAGES TO THE CMD COMMUNITY

WHEREAS, on August 19, 2021 a letter was written by David Bentley, to the Cordillera Community on CMD letterhead using the personnel, mailing list, and other resources of the CMD and was signed by Mr. Bentley as President of the CMD. Mr. Bentley admits in the letter, that the letter was solely a personal message; and

WHEREAS, several residents have questioned the legality of using the CMD logo and letterhead, the CMD email distribution or mailing lists, and CMD facilities and personnel to enable such personal distributions; and

WHEREAS, to our knowledge CMD does not have any written policy governing use of its assets for political or personal purposes and the Board believes that such a policy is necessary and appropriate;

NOW THEREFORE, the CMD Board hereby adopts the following policy related to the use of its assets in the distribution of political or personal messages to Cordillera residents:

No CMD Director may use the CMD logo or letterhead, its email or mailing distribution lists, or its facilities, personnel, or other assets to send messages of a political or personal nature to the Cordillera residents. Any CMD Director who wishes to send a written communication to Cordillera residents using CMD assets shall first send a copy to all other CMD Directors and solicit their comments. In the event that a question arises as to whether any communication is prohibited under this policy, the Board's attorney shall be consulted and shall make the final decision.



Management Report

September 10, 2021

Administration

On Wednesday, August 18th Cordillera employees got together at E-Town restaurant for our staff appreciation party.

Education and Training

- All Public Safety team members continue to undertake training in pertinent Spanish phrases to enable better communication with our Spanish-speaking community.
- Operations staff is working with Eagle River Fire Department-Wildland Crew to develop and execute a fire mitigation plan for Cordillera. 2021 focus' on Divide side, and 2022 focus' on areas around the Ranch.

Anniversaries

- Jonathon Reid, CommOps - 8 Years
- Manny Rodriguez, CommOps - 5 Years
- Cole Haywood, Public Safety - 2 Years
- James Rabun, CommOps - 1

Financial Software

- Contracted with Clifton Larson Alan "CLA" for accounting services starting in August.
 - They are gathering information with a go live date of October 1st.

Information Technology

- **Equipment Replacement & Upgrades**
 - Upgraded gate switches in both gate houses to control all gates on property via switch.
 - Upgraded both guest and homeowner lanes with call box's that have cameras for afterhours assistance.

Equestrian Center

- Dominique Jones has been re-hired as the Equestrian Center Manager. Her first day is September 7th.
- Staffing continues to be the biggest challenge.
- Staff revisited the Equestrian Center evacuation plan in case of an emergency.

Boarding Statistics

Stalls Horses:	Outside Paddock Horses:
Property Owners –6	Property Owners –7
Non-Property Owners –10	Non-Property Owners – 9
Horses Anticipated or on Waiting List – 0	Horses Anticipated or on Waiting List – 0

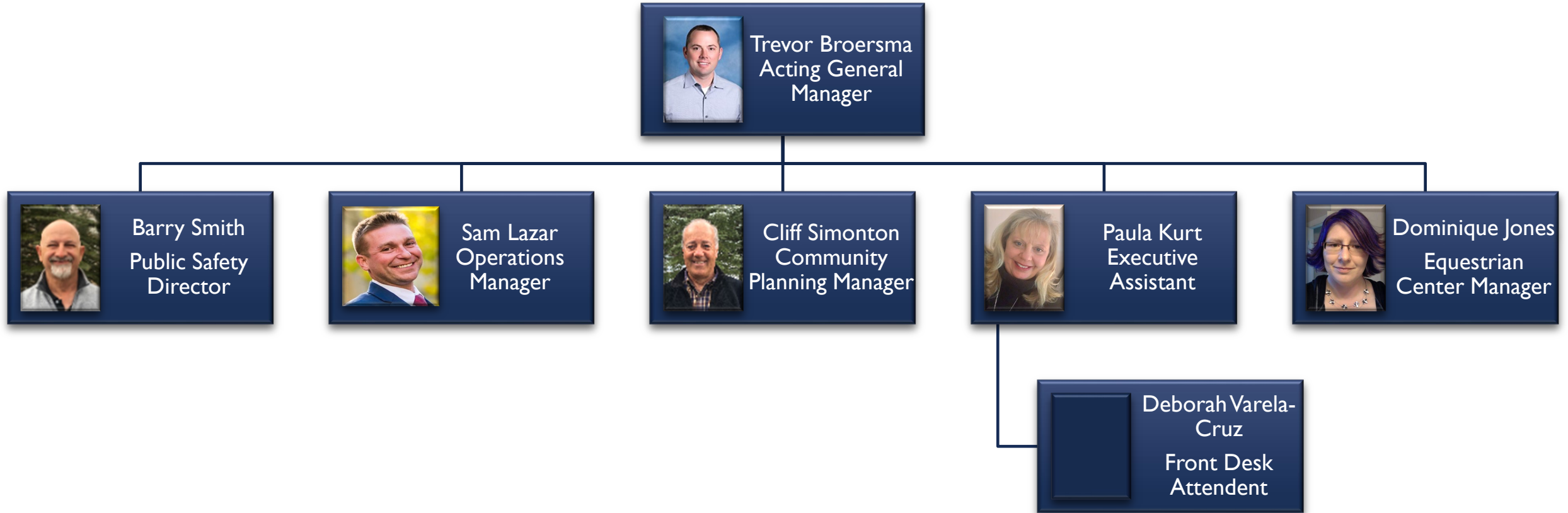
Community Operations

- **2021 Road Program**
 - Squaw Creek and Cordillera Way intersection widening is complete including striping.
 - Striping for all the community will be complete once the final overlay on Fenno is finished.
 - Fenno overlay is scheduled he week of September 13th. This will include the multiuse path extension on Fenno from Red Draw up to Settlers Loop.
- **Fleet**
 - New Ford F-550 plow truck has arrived and put right to use hauling debris.
 - New vehicle lifts have been installed in the shop and now can lift all CMD vehicles.
- **Trails and Fishing**
 - 169 fly fishing passes have been given out year to date.
 - 46 fly fishing orientations have taken place through Vail Valley Anglers.
 - 800 lbs of fish food has arrived for winter feeding.
 - All trails are open for hiking.

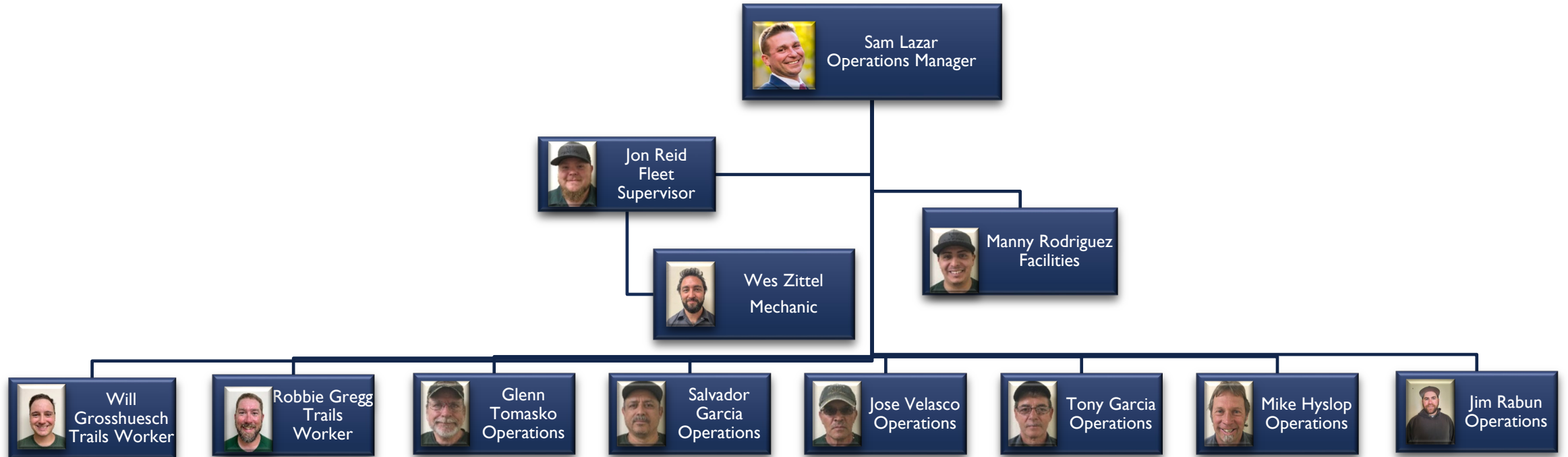
Public Safety

- **Trailer Parking**
 - There are 50 total trailer parking spaces available to property owners. All 50 spaces are currently rented, and a waiting list has been started for the spaces larger than 20 feet long.
- **Staffing**
 - Public Safety is experiencing staffing shortages. Current staffing is 3 ½ positions short of filling all shifts.

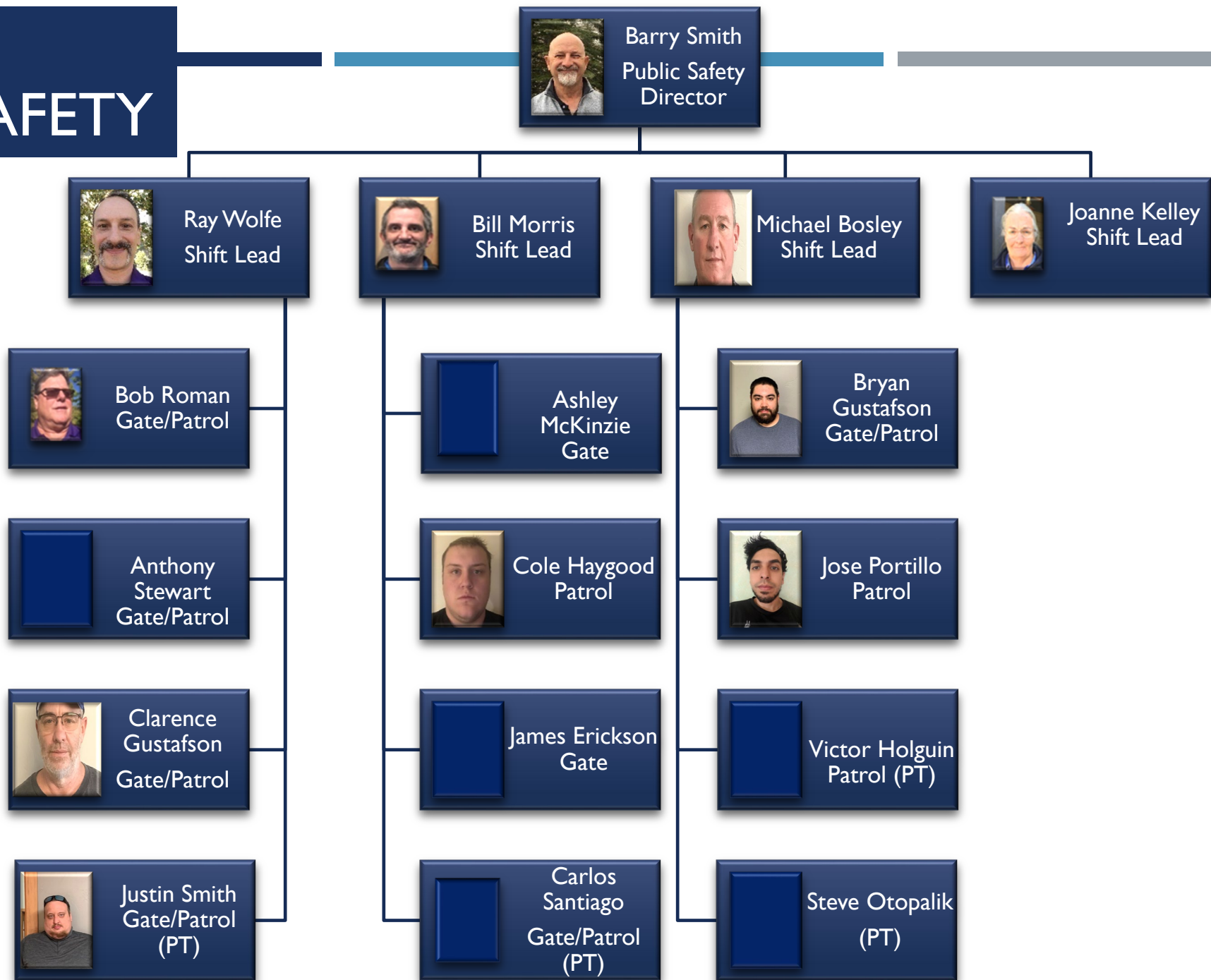
ADMINISTRATION & MANAGEMENT TEAM



COMMUNITY OPERATIONS



PUBLIC SAFETY



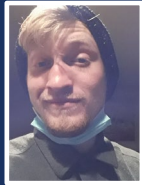
EQUESTRIAN CENTER



Dominique Jones
Equestrian
Center Manager



Alonso Marquez
Barn Hand
(FT)



Jacob Boley
Barn Hand
(FT)



Pedro Aleman
Barn Hand
(PT)



Gavin
Collingwood
Barn Hand
(PT)