

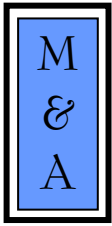
**Cordillera Valley Club Metropolitan District
Eagle County, Colorado
Financial Statements**

December 31, 2004

**Cordillera Valley Club Metropolitan District
Financial Statements
December 31, 2004**

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Cordillera Valley Club Metropolitan District
Eagle County, Colorado**

We have audited the accompanying financial statements of the governmental activities and each fund of the Cordillera Valley Club Metropolitan District (the "District"), as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Cordillera Valley Club Metropolitan District as of December 31, 2004, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages B1 through B4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary schedule of revenues and expenditures for the General Fund on page E1 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as Supplementary Information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Cordillera Valley Club Metropolitan District. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, LLC.

**McMahan and Associates, L.L.C.
January 25, 2005**

Performing services for local governments throughout Colorado

*D. Jerry McMahan, C.P.A.
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National and Colorado Government Finance Officers Association/Colorado Municipal League

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cordillera Valley Club Metropolitan District

Management's Discussion and Analysis December 31, 2004

As management of Cordillera Valley Club Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2004.

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 comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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.

The governmental activity of the District is primarily operating and maintaining the roads within the District. There are no business-type activities within the District.

The government-wide financial statements can be found on pages C1 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. The District currently has three funds; the General Fund, the Debt Service Fund and the Capital Projects Fund which are governmental funds.

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

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.

Overview of the Financial Statements (continued)

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D12 of this report.

Supplementary Information. Supplementary information is contained on pages F1 through F4 and provides additional insight into how the District's actual operations compared to the budgeted operations and also provide information on the District's assessed value and property taxes levied and detailed schedules of the District's debt service requirements.

Government-wide Financial Analysis. The formation of the District was approved by the District's electorate in November 2002 and the District began very limited operations in 2003 and operated fully during 2004. The District's primary source of revenue is from property taxes. During 2004, the District also obtained funding through contributions from Cordillera Valley Club Property Owners Association which were used for various capital projects. The property taxes levied by the District in 2004 are payable by the property owners in 2005.

The following charts shows the District's condensed Statement of Net Assets and Condensed Statement of Activities for 2004 and 2003:

Cordillera Valley Club Metropolitan District's Net Assets

| | <u>2004</u> | <u>2003</u> |
|--|-------------------|-----------------|
| Assets: | | |
| Current and other assets | \$ 470,269 | 443,008 |
| Capital assets | <u>309,768</u> | <u>218,659</u> |
| Total assets | <u>780,037</u> | <u>661,667</u> |
| Liabilities: | | |
| Other liabilities | 425,809 | 397,310 |
| Long-term liabilities outstanding | <u>216,316</u> | <u>283,234</u> |
| Total liabilities | <u>642,125</u> | <u>680,544</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 93,452 | (64,575) |
| Restricted for emergencies | 18,561 | 636 |
| Unrestricted | <u>25,899</u> | <u>45,062</u> |
| Total Net Assets | <u>\$ 137,912</u> | <u>(18,877)</u> |

Overview of the Financial Statements (continued)

Cordillera Valley Club Metropolitan District's Change in Net Assets

| | <u>2004</u> | <u>2003</u> |
|------------------------------------|-------------------|-----------------|
| Revenues: | | |
| Program revenues: | | |
| Operating grants and contributions | \$ 22,847 | 15,000 |
| Capital grants and contributions | 257,387 | - |
| General revenues: | | |
| Property taxes | 389,677 | - |
| Other taxes | 24,178 | - |
| Interest and other revenue | 1,171 | - |
| Total Revenues | <u>695,260</u> | <u>15,000</u> |
| Expenses: | | |
| General government | 68,626 | 33,877 |
| Public safety | 94,715 | - |
| Public works | 216,485 | - |
| Community operations | 149,940 | - |
| Interest on long-term debt | 8,705 | - |
| Total Expenses | <u>538,471</u> | <u>33,877</u> |
| Change in Net Assets | 156,789 | (18,877) |
| Net Assets - Beginning | <u>(18,877)</u> | - |
| Net Assets - Ending | <u>\$ 137,912</u> | <u>(18,877)</u> |

The District's overall financial position, as measured by net assets, increased by \$156,789 during 2004. The increase in net assets is primarily the result of the collection of property taxes levied for operating purposes as well as the contributions from the Association for capital projects that created a surplus.

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.

For the fiscal year, the District operated on nearly a "break-even" basis collecting property and other taxes and contributions from Cordillera Valley Club Property Owners Association sufficient to cover the expenditures for the year. The combined fund balances at the end of the year were \$4,838.

Budget Variances in the General Fund. The District had two significant budget variances at December 31, 2004:

| <u>Account</u> | <u>Variance</u> <u>Positive (Negative)</u> | <u>Reason</u> |
|--------------------------------|---|--|
| Community Operations | \$ 33,713 | Primarily able to renegotiate a large landscaping contract for approximately \$18,000 less than budgeted |
| Repayment of CVCPOA Advance | 20,000 | CVCPOA forgave all outstanding debt |

Financial Analysis of the District's Funds (continued)

Budget Variances in the Debt Service Fund. The District anticipated drawing down an additional \$1.6 million from the Bonds for the construction of a berm and payoff of the 2003 bonds payable. Actual construction on the berm did not begin during 2004; therefore the additional funds were not required. The Debt Service Fund budget included a \$78,280 payment of principal on these additional funds.

Budget Variances in the Capital Projects Fund. The most significant budget variances in the Capital Projects Fund are those related to the construction of the berm. The District budgeted \$975,000 for the construction costs of the berm and bond proceeds of \$1.6 million as well as the \$200,000 repayment of the 2003 bonds. As discussed above, none of these budgeted items occurred in 2004, resulting in a net positive variance of \$2,375,000.

Capital Assets. The District's investment in capital assets government-wide during 2004 was \$109,833. These capital asset additions included various landscaping improvements, berm study, and the purchase of various equipment and a vehicle. Additional information can be found in the Notes to the Financial Statement on page D8 of this report.

Long-term Debts. The District's primary long-term debt is \$203,000 in bonds issued during 2003 to provide funds for the construction of the landscape and fencing improvements. Additionally, the District entered into a capital lease during 2004 to pay for the purchase of a security vehicle and related equipment for \$25,620. Additional information can be found in the Notes to the Financial Statement on pages D8 through D10 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Robertson & Marchetti, PC, 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Cordillera Valley Club Metropolitan District
Statement of Net Assets
December 31, 2004

Assets:

| | |
|--|----------------|
| Cash | 9,067 |
| Accounts receivable - Eagle County Treasurer | 1,992 |
| Accounts receivable - CVCPOA | 26,609 |
| Property tax receivable | 389,720 |
| Capital assets, net | 309,768 |
| District organization costs, net | 32,342 |
| Bond issuance costs, net | 10,539 |
| Total Assets | <u>780,037</u> |

Liabilities:

| | |
|--|----------------|
| Accounts payable | 32,830 |
| Accrued interest payable | 3,259 |
| Deferred property tax | 389,720 |
| Non-current liabilities due within one year: | |
| Bonds payable | 13,784 |
| Capital lease | 6,297 |
| Non-current liabilities due in excess of one year: | |
| Bonds payable | 176,012 |
| Capital lease | 20,223 |
| Total Liabilities | <u>642,125</u> |

Net Assets:

| | |
|--|----------------|
| Invested in capital and other assets, net of related debt | 93,452 |
| Restricted for emergencies | 18,561 |
| Unrestricted | 25,899 |
| Total Net Assets | <u>137,912</u> |

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

**Cordillera Valley Club Metropolitan District
Statement of Activities
For the Year Ended December 31, 2004**

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|---|-----------------|---|---|--|
| Functions/Programs | Expenses | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | |
| General government | 68,626 | 22,847 | - | (45,779) |
| Public safety | 94,715 | - | - | (94,715) |
| Public works | 216,485 | - | 257,387 | 40,902 |
| Community operations | 149,940 | - | - | (149,940) |
| Interest on long-term debt | 8,705 | - | - | (8,705) |
| Total governmental activities | 538,471 | 22,847 | 257,387 | (258,237) |
| General revenues: | | | | |
| Taxes: | | | | |
| Property tax, levied for general purposes | | | | 389,677 |
| Specific ownership tax | | | | 24,178 |
| Investment earnings | | | | 1,171 |
| Total general revenues, special items, and transfers | | | | 415,026 |
| Change in net assets | | | | 156,789 |
| Net Assets - Beginning | | | | (18,877) |
| Net Assets - Ending | | | | 137,912 |

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

FUND FINANCIAL STATEMENTS

**Cordillera Valley Club Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2004**

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|----------------|-------------------------|-----------------------------|---|
| Assets: | | | | |
| Cash and equivalents | 9,067 | - | - | 9,067 |
| Due from County Treasurer | 1,992 | - | - | 1,992 |
| Due from (to) other funds | 16,783 | 65 | (16,848) | - |
| Accounts receivable - CVCPOA | 26,609 | - | - | 26,609 |
| Property tax receivable | 389,720 | - | - | 389,720 |
| Total Assets | 444,171 | 65 | (16,848) | 427,388 |
| Liabilities and Fund Balance: | | | | |
| Liabilities: | | | | |
| Accounts payable | 32,830 | - | - | 32,830 |
| Deferred property tax | 389,720 | - | - | 389,720 |
| Total Liabilities | 422,550 | - | - | 422,550 |
| Fund Balance: | | | | |
| Reserved for emergencies | 18,561 | - | - | 18,561 |
| Unreserved | 3,060 | 65 | (16,848) | (13,723) |
| Total Fund Balance | 21,621 | 65 | (16,848) | 4,838 |
| Total Liabilities and Fund Balance | 444,171 | 65 | (16,848) | |
| Amounts reported in the Statement of Net Assets are different because: | | | | |
| Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | 352,649 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund. | | | | (219,575) |
| Net Assets of Governmental Activities | | | | 137,912 |

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

Cordillera Valley Club Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2004

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|-----------------|-------------------------|-----------------------------|---|
| Revenues: | | | | |
| Taxes | 413,855 | - | - | 413,855 |
| Interest | 1,171 | - | - | 1,171 |
| Contributions | - | - | 200,000 | 200,000 |
| Total Revenues | <u>415,026</u> | <u>-</u> | <u>200,000</u> | <u>615,026</u> |
| Expenditures: | | | | |
| Treasurer's fees | 11,710 | - | - | 11,710 |
| General and administrative | 56,916 | - | - | 56,916 |
| Public safety | 92,884 | - | - | 92,884 |
| Community operations | 151,347 | - | - | 151,347 |
| Debt service | - | 22,135 | - | 22,135 |
| Capital outlay | - | - | 305,859 | 305,859 |
| Total Expenditures | <u>312,857</u> | <u>22,135</u> | <u>305,859</u> | <u>640,851</u> |
| Excess (Deficiency) of Revenues Over Expenses | <u>102,169</u> | <u>(22,135)</u> | <u>(105,859)</u> | <u>(25,825)</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from capital lease | - | - | 26,520 | 26,520 |
| Operating transfers in (out) | (82,200) | 22,200 | 60,000 | - |
| Total Other Financing Sources (Uses) | <u>(82,200)</u> | <u>22,200</u> | <u>86,520</u> | <u>26,520</u> |
| Net Change in Fund Balance | 19,969 | 65 | (19,339) | 695 |
| Fund Balance - Beginning of Year | <u>1,652</u> | <u>-</u> | <u>2,491</u> | <u>4,143</u> |
| Fund Balance - End of Year | <u>21,621</u> | <u>65</u> | <u>(16,848)</u> | <u>4,838</u> |
| Net Change in Fund Balance | | | | 695 |

Amounts reported 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 capital outlay exceeded depreciation during the year. 91,109

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 227

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 assets. Also, governmental funds report the effect of issuance costs, 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. 64,758

Change in Net Assets of Governmental Activities 156,789

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

NOTES TO THE FINANCIAL STATEMENTS

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004

I. Summary of Significant Accounting Policies

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

The District'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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. 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). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Assets, 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 assets are reported in two parts - invested in capital assets, net of related debt; and unrestricted net assets.

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 Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(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 governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* 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.

The *Capital Projects Fund* accounts for proceeds set aside and expenditures made for certain projects designated by the District's Board of Directors.

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

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

1. Long-term Economic Focus and Accrual Basis

Governmental-type 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.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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.

2. Receivables

Receivables are reported net of any allowance for uncollectible accounts. No such allowance has been established as all receivables are deemed collectable.

3. 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. Construction in progress is not depreciated until the construction is completed.

The following assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------|--------------|
| Landscape improvements | 15 |
| Equipment | 7 |
| Vehicles | 7 |

4. 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 Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies

D. Financial Statement Accounts (continued)

5. Bond Issuance Costs

Bond issuance costs represent costs paid in association with the issuance of the District's bonds. These costs are amortized on a straight-line basis over the period between issuance and maturity of the bonds. These costs are reported in the applicable governmental activity column in the government-wide financial statements.

6. Organization Costs

Organization costs represent the start up costs of the District, such as certain legal fees. These costs are amortized on a straight-line basis over a period of 30 years. These costs are reported in the applicable governmental activity column in the government-wide financial statements.

7. Payables and Accrued Liabilities

Payables and accrued liabilities are defined as obligations arising out of the current period that are anticipated to be liquidated with currently available financial resources.

8. Use of Estimates

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

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 "Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$352,649 difference are capital assets, District organization costs, and bond issue costs, all net of accumulated depreciation and amortization, of \$309,768, \$32,342, and \$10,539, respectively.

Another 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 \$219,575 difference are as follows:

| | |
|------------------------------------|-----------------------------------|
| Bonds payable | \$ (189,796) |
| Capital lease payable | (26,520) |
| Accrued interest payable | (3,259) |
| Total long-term liabilities | <u><u>\$ (219,575)</u></u> |

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

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

B. Explanation of certain differences between the governmental fund Statement of Revenues, 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 this 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. This is the amount by which capital outlay exceeded depreciation during the year." The details of this \$91,109 difference are capital additions of \$109,833 less depreciation expense of \$18,724.

"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 assets. Also, governmental funds report the effect of issuance costs, 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." The details of this \$64,758 difference are as follows:

| | |
|--|-------------------------|
| Capital lease payable | \$ (26,520) |
| Write-off of advance payable to CVCPOA | 80,234 |
| Bond principal payments | 13,203 |
| Amortization of organization costs | (1,155) |
| Amortization of bond issuance costs | (1,004) |
| Total long-term liabilities | <u>\$ 64,758</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 budget for the proprietary funds is adopted on a Non-GAAP budgetary basis and is 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 2004 budget year, prior to August 25, 2003, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, only once by a single notification to the District.
- (2) On or before October 15, 2003, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(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 no later than 45 days prior to the close of the fiscal year.
- (4) For the 2004 budget, prior to December 15, 2004, 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 2004 budget, the final budget and appropriating resolution was adopted prior to December 31, 2003.

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 2004 will be collected in 2005. 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 at present considered not 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 know as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service, expenditure of bond proceeds and enterprise spending. The District has reserved \$18,561, which is the approximate required reserve at December 31, 2004.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 5, 2002, the District's voters approved increases in debt as follows:

1. Up to \$3,000,000 and a related increase in taxes up to \$3,000,000, annually, or by such lesser annual amount as may be necessary to pay the District's debt. The debt is to be incurred for the acquisition, construction, or otherwise providing infrastructure, including but not limited to streets and related lighting, drainage, parking and landscape improvements.
2. Up to \$1,000,000 and a related increase in taxes up to \$1,000,000, annually, or by such lesser annual amount as may be necessary to pay the District's debt. This debt to be incurred for the acquisition, construction, or otherwise providing parks and recreation facilities, improvements and facilities.
3. Up to \$4,000,000 and a related increase in taxes up to \$4,000,000, annually, or by such lesser annual amount as may be necessary to pay the District's debt. This debt to be incurred for the purpose of refunding, paying, or defeasing, in whole or in part, bonds, notes or other financial obligations of the District.

In addition, the District's voters approved taxes to be increased \$450,000 annually, or by such lesser amount as may be necessary to pay for the District's operations, maintenance, and other expenses. All debt and tax increases constitute voter-approved revenue changes and are to be collected and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

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

C. Deficit Fund Balance

The District had a deficit balance in the Capital Projects Fund of \$16,848 at December 31, 2004.

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

1. Deposits (continued)

There are three categories of deposit credit risk as follows:

- (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name;
- (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

At December 31, 2004, the District's bank deposits were entirely insured or collateralized with securities held by the entity's agent and had a bank balance of \$10,773, all of which was Category 1. The difference between the bank and book balance consists of one outstanding check at December 31, 2004.

2. Pools

The District has invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). The trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of the trust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trust in connection with the direct investment and withdrawal functions. Substantially all 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 the investments owned by the trust.

The District does not categorize its participation in the trusts as indicated by GASB Statement # 3 since collateral is pooled as described above.

At December 31, 2004, the District had \$1,871 invested in COLOTRUST.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets being depreciated: | | | | |
| Landscape improvements | \$ 226,199 | 66,456 | - | 292,655 |
| Equipment | - | 20,650 | - | 20,650 |
| Vehicles | - | 22,727 | - | 22,727 |
| Total capital assets being depreciated | <u>226,199</u> | <u>109,833</u> | <u>-</u> | <u>336,032</u> |
| Less accumulated depreciation for: | | | | |
| Landscape improvements | (7,540) | (15,625) | - | (23,165) |
| Equipment | - | (1,476) | - | (1,476) |
| Vehicles | - | (1,623) | - | (1,623) |
| Total accumulated depreciation | <u>(7,540)</u> | <u>(18,724)</u> | <u>-</u> | <u>(26,264)</u> |
| Total governmental capital assets, net | <u><u>\$ 218,659</u></u> | <u><u>91,109</u></u> | <u><u>-</u></u> | <u><u>309,768</u></u> |

The increase to the landscape improvements includes \$50,212 of construction in progress and was therefore not depreciated during 2004.

Depreciation expense was charged to functions/programs as follows:

| | |
|-----------------------------------|-------------------------|
| Governmental activities: | |
| Public safety | \$ 1,830 |
| Public works | 15,625 |
| Community operations | <u>1,269</u> |
| Total Depreciation Expense | <u><u>\$ 18,724</u></u> |

C. Interfund Receivables, Payables, and Transfers

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | |
|------------------------|--------------------------|---------------|----------------------------|
| General | Capital Projects | \$ 16,848 | |
| Debt Service | Capital Projects | 65 | |
| | | | |
| <u>Transferred to:</u> | <u>Transferred from:</u> | <u>Amount</u> | <u>Purpose</u> |
| Debt Service | General | \$ 22,200 | Payment of debt |
| Capital Projects | General | 60,000 | Subsidize capital projects |

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Debt

1. Series 2003 General Obligation Bonds

On June 25, 2003 the District issued \$101,500 of general obligation bonds (the "Series 2003 Bonds") with an interest rate of 4.3%, payable annually on June 25. The principal is payable on June 25 and matures in various increments through 2015. The Series 2003 Bonds are subject to redemption prior to maturity at the option of the District upon 30 days written notice to registered bondholders at a price equal to 100% of the principal balance plus accrued interest to the date of redemption.

2. Series 2003a General Obligation Bonds

On September 24, 2003 the District issued \$101,500 of general obligation bonds (the "Series 2003a Bonds") with an interest rate of 4.5%, payable annually on September 24. The principal is payable on September 24 and matures in various increments through 2015. The Series 2003a Bonds are subject to redemption prior to maturity at the option of the District upon 30 days written notice to registered bondholders at a price equal to 100% of the principal balance plus accrued interest to the date of redemption.

3. Long-term Advances from Association

From the District's inception through December 31, 2004, the District received cash advances totaling \$140,234 (the "advances") from the Cordillera Valley Club Property Owners Association (the "Association"). Proceeds from these advances were used to pay certain start-up and operating costs of the District in 2003. Additionally, a portion of the proceeds were used to pay for various capital improvement projects initiated within the District in 2003. \$60,000 of the advances was repaid to the Association during 2003. The District was to repay the remaining \$80,234 of the advances in 2004 and subsequent years.

During 2004, the Association agreed to forgive the remaining balance of \$80,234 and any future advances are to be considered contributions to the District. Therefore, an additional \$80,234 of contribution revenue is recognized in the government-wide Statement of Activities.

4. Capital lease

The District has entered into a capital lease for the acquisition of a vehicle and equipment with a net book value of \$23,790. Future minimum lease payments under the lease are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|------------------|-----------------|---------------|
| 2005 | \$ 6,297 | 915 | 7,212 |
| 2006 | 6,514 | 698 | 7,212 |
| 2007 | 6,739 | 473 | 7,212 |
| 2008 | 6,970 | 241 | 7,211 |
| Total | <u>\$ 26,520</u> | <u>2,327</u> | <u>28,847</u> |

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Debt (continued)

5. Annual Debt Service Requirements

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------|-----------------|----------------|
| 2005 | \$ 13,784 | 8,351 | 22,135 |
| 2006 | 14,391 | 7,744 | 22,135 |
| 2007 | 15,024 | 7,112 | 22,136 |
| 2008 | 15,684 | 6,451 | 22,135 |
| 2009 | 16,374 | 5,761 | 22,135 |
| 2010 - 2014 | 93,337 | 17,341 | 110,678 |
| 2015 | 21,202 | 933 | 22,135 |
| Total | <u>\$ 189,796</u> | <u>53,693</u> | <u>243,489</u> |

6. Changes in Long-term Debt

The District had the following changes in debt for the year ended December 31, 2004:

| | <u>January 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2004</u> | <u>Due within One Year</u> |
|--------------------------|----------------------------|------------------|-------------------|------------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Series 2003 G.O. Debt | \$ 101,500 | - | (6,640) | 94,860 | 6,925 |
| Series 2003a G.O. Debt | 101,500 | - | (6,564) | 94,936 | 6,859 |
| Capital lease | - | 26,520 | - | 26,520 | 6,297 |
| Association Advances | 80,234 | - | (80,234) | - | - |
| Total | <u>\$ 283,234</u> | <u>26,520</u> | <u>(93,438)</u> | <u>216,316</u> | <u>20,081</u> |

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and general liability.

Colorado Special Districts Property and Liability Pool

The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the governmental immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage.

Cordillera Valley Club Metropolitan District
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

A. Risk Management (continued)

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2003 (the latest audited information available) is as follows:

| | |
|-----------------------|---------------------|
| Assets | <u>\$ 8,505,173</u> |
| Liabilities | \$ 4,270,246 |
| Capital and surplus | <u>4,234,927</u> |
| Total | <u>\$ 8,505,173</u> |
| Revenue | \$ 5,005,714 |
| Underwriting expenses | <u>4,251,606</u> |
| Underwriting gain | 754,108 |
| Other income | <u>88,476</u> |
| Net Income | <u>\$ 842,584</u> |

B. Commitments and Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2004.

REQUIRED SUPPLEMENTARY INFORMATION

Cordillera Valley Club Metropolitan District
Governmental Funds - General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

| | 2004 | | | 2003 |
|---|--|-----------------|---|---------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Property taxes | 390,330 | 389,677 | (653) | - |
| Specific ownership taxes | 23,420 | 24,178 | 758 | - |
| Interest | 1,000 | 1,171 | 171 | - |
| Other | 1,000 | - | (1,000) | - |
| Total Revenues | 415,750 | 415,026 | (724) | - |
| Expenditures: | | | | |
| Administration and management | 36,000 | 32,955 | 3,045 | 5,788 |
| Office expense | 2,240 | 4,139 | (1,899) | 524 |
| Insurance | 8,000 | 3,378 | 4,622 | 1,165 |
| Professional fees | 12,000 | 12,399 | (399) | 11,378 |
| Meeting expense | 1,750 | 2,545 | (795) | - |
| Recreation | 1,600 | 1,500 | 100 | - |
| Public safety | 100,022 | 92,884 | 7,138 | - |
| Community operations | 185,060 | 151,347 | 33,713 | 2,340 |
| Treasurer's fees | - | 11,710 | (11,710) | - |
| Total Expenditures | 346,672 | 312,857 | 33,815 | 21,195 |
| Other Financial Sources (Uses): | | | | |
| Proceeds from CVCPOA advance | - | - | - | 22,847 |
| Repayment of CVCPOA advance | (20,000) | - | 20,000 | - |
| Transfer to Debt Service Fund | (22,200) | (22,200) | - | - |
| Transfer to Capital Projects Fund | - | (60,000) | (60,000) | - |
| Total Other Financing Sources (Uses) | (42,200) | (82,200) | (40,000) | 22,847 |
| Net Change in Fund Balance | 26,878 | 19,969 | (6,909) | 1,652 |
| Fund Balance - Beginning of Year | 66 | 1,652 | 1,586 | - |
| Fund Balance - End of Year | 26,944 | 21,621 | (5,323) | 1,652 |

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

SUPPLEMENTARY INFORMATION

**Cordillera Valley Club Metropolitan District
Governmental Funds - Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)**

| | <u>2004</u> | | <u>Variance Positive (Negative)</u> | <u>2003</u> |
|---|--|---------------|---|---------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 78,280 | 13,203 | 65,077 | - |
| Interest | 8,720 | 8,932 | (212) | - |
| Total Expenditures | <u>87,000</u> | <u>22,135</u> | <u>64,865</u> | <u>-</u> |
| (Deficiency) of Revenues Over Expenses | (87,000) | (22,135) | 64,865 | - |
| Other Financial Sources: | | | | |
| Transfer from General Fund | 22,200 | 22,200 | - | - |
| Capitalized interest from bonds | 65,000 | - | (65,000) | - |
| Total Other Financing Sources | <u>87,200</u> | <u>22,200</u> | <u>(65,000)</u> | <u>-</u> |
| Net Change in Fund Balance | 200 | 65 | (135) | - |
| Fund Balance - Beginning of Year | - | - | - | - |
| Fund Balance - End of Year | <u>200</u> | <u>65</u> | <u>(135)</u> | <u>-</u> |

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

Cordillera Valley Club Metropolitan District
Governmental Funds - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

| | 2004 | | | 2003 |
|---|--|-----------------|---|----------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Contributions | 200,000 | 200,000 | - | 15,000 |
| Total Revenues | <u>200,000</u> | <u>200,000</u> | <u>-</u> | <u>15,000</u> |
| Expenditures: | | | | |
| Landscaping improvements | - | 10,192 | (10,192) | 182,781 |
| Fence and screening | 15,000 | 6,165 | 8,835 | 43,418 |
| Emergency equipment | 7,975 | 27,846 | (19,871) | - |
| Berm study | 25,000 | 42,625 | (17,625) | - |
| Berm construction | 975,000 | 7,586 | 967,414 | - |
| Gate House improvements | 2,850 | 4,377 | (1,527) | - |
| West Gate cameras | - | 11,550 | (11,550) | - |
| Road slurry seals | 100,000 | 68,285 | 31,715 | - |
| Speed bumps | 10,000 | 15,718 | (5,718) | - |
| Road engineering | 21,000 | 9,663 | 11,337 | - |
| Road settlement repairs | 85,000 | 98,590 | (13,590) | - |
| Transponder | - | 3,262 | (3,262) | - |
| District organization | - | - | - | 34,652 |
| Bond issuance costs | 145,000 | - | 145,000 | 12,045 |
| Total Expenditures | <u>1,386,825</u> | <u>305,859</u> | <u>1,080,966</u> | <u>272,896</u> |
| (Deficiency) of Revenues Over Expenses | (1,186,825) | (105,859) | 1,080,966 | (257,896) |
| Other Financial Sources (Uses): | | | | |
| Proceeds from CVCPOA advance | - | - | - | 117,387 |
| Proceeds from bond issuance | 1,600,000 | - | (1,600,000) | 203,000 |
| Proceeds from capital lease | - | 26,520 | 26,520 | - |
| Transfer from General Fund | - | 60,000 | 60,000 | - |
| Repayment of CVCPOA advance | (200,000) | - | 200,000 | (60,000) |
| Total Other Financing Sources (Uses) | <u>1,400,000</u> | <u>86,520</u> | <u>(1,313,480)</u> | <u>260,387</u> |
| Net Change in Fund Balance | 213,175 | (19,339) | (232,514) | 2,491 |
| Fund Balance - Beginning of Year | 3,433 | 2,491 | (942) | - |
| Fund Balance - End of Year | <u>216,608</u> | <u>(16,848)</u> | <u>(233,456)</u> | <u>2,491</u> |

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

**Cordillera Valley Club Metropolitan District
Schedule of Debt Service Requirements to Maturity
December 31, 2004**

| Bonds and Interest Maturing in the Year Ending December 31, | \$101,500 Series 2003 General Obligation Bonds Interest Rate of 4.3% | | | \$101,500 Series 2003a General Obligation Bonds Interest Rate of 4.3% | | | Total | | |
|--|---|-----------------|----------------|--|-----------------|----------------|------------------|-----------------|----------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2005 | 6,925 | 4,079 | 11,004 | 6,859 | 4,272 | 11,131 | 13,784 | 8,351 | 22,135 |
| 2006 | 7,223 | 3,781 | 11,004 | 7,168 | 3,963 | 11,131 | 14,391 | 7,744 | 22,135 |
| 2007 | 7,534 | 3,471 | 11,005 | 7,490 | 3,641 | 11,131 | 15,024 | 7,112 | 22,136 |
| 2008 | 7,857 | 3,147 | 11,004 | 7,827 | 3,304 | 11,131 | 15,684 | 6,451 | 22,135 |
| 2009 | 8,195 | 2,809 | 11,004 | 8,179 | 2,952 | 11,131 | 16,374 | 5,761 | 22,135 |
| 2010 | 8,548 | 2,456 | 11,004 | 8,548 | 2,584 | 11,132 | 17,096 | 5,040 | 22,136 |
| 2011 | 8,915 | 2,089 | 11,004 | 8,932 | 2,199 | 11,131 | 17,847 | 4,288 | 22,135 |
| 2012 | 9,299 | 1,706 | 11,005 | 9,334 | 1,797 | 11,131 | 18,633 | 3,503 | 22,136 |
| 2013 | 9,698 | 1,306 | 11,004 | 9,754 | 1,377 | 11,131 | 19,452 | 2,683 | 22,135 |
| 2014 | 10,116 | 889 | 11,005 | 10,193 | 938 | 11,131 | 20,309 | 1,827 | 22,136 |
| 2015 | 10,550 | 454 | 11,004 | 10,652 | 479 | 11,131 | 21,202 | 933 | 22,135 |
| Total | 94,860 | 26,187 | 121,047 | 94,936 | 27,506 | 122,442 | 189,796 | 53,693 | 243,489 |

**Cordillera Valley Club Metropolitan District
 Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
 December 31, 2004**

| <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> | |
| 2004 | 15,613,190 | 25 | 390,330 | 389,677 | 99.8% |
| Estimated for 2005 | 15,588,790 | 25 | 389,720 | | |

NOTE:

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