

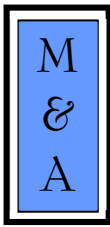
**Cascade Village Metropolitan District
Eagle County, Colorado
Financial Report**

December 31, 2023

**Cascade Village Metropolitan District
Financial Report
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Cascade Village Metropolitan District
Vail, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cascade Village Metropolitan District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Cascade Village Metropolitan District
Vail, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Cascade Village Metropolitan District
Vail, Colorado

Supplementary Information

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 in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cascade Village Metropolitan District

Management's Discussion and Analysis December 31, 2023

As management of Cascade Village Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative introduction, overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

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

The Statement of Net Position presents information on all the District's assets, liabilities, and deferred inflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The governmental activity of the District is primarily lift operations for the Cascade Skier Lift and construction of capital improvements 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 uses a General Fund and a Debt Service 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. The fund financial statements are located on pages C3 and C4 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. A reconciliation is presented to reconcile the fund balances of the governmental funds to the net position as reported in the government-wide financial statements and an additional reconciliation is presented reconciling the net change in fund balances of the governmental funds to the change in net position of the governmental activities. These reconciliations can be useful to facilitate the comparison between governmental funds and governmental activities as reported in the government-wide financial statements.

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 – D12 of this report.

Government-wide Financial Analysis: Condensed comparative financial data provides an overview of the District's financial statements and provides the context for a better understanding of the basic financial statements. The following table shows the District's condensed government-wide comparative financial data for the governmental activities for the current and prior fiscal years. The District had no business-type activities during 2023 or 2022.

	2023	2022 (Restated) (Unaudited)
Assets:		
Current and other assets	<u>1,991,536</u>	<u>2,065,478</u>
Total Assets	<u>1,991,536</u>	<u>2,065,478</u>
Liabilities:		
Current and other liabilities	145,713	144,852
Long-term liabilities	<u>730,000</u>	<u>900,000</u>
Total Liabilities	<u>875,713</u>	<u>1,044,852</u>
Deferred Inflows of Resources:		
Unavailable property taxes	<u>536,626</u>	<u>528,991</u>
Total Deferred Inflows of Resource	<u>536,626</u>	<u>528,991</u>
Net Position:		
Restricted	18,658	18,670
Unrestricted	<u>560,539</u>	<u>472,965</u>
Total Net Position	<u>579,197</u>	<u>491,635</u>
General Revenues:		
Property taxes	529,573	399,521
Specific ownership taxes	27,891	21,555
Investment Earnings (Loss)	75,319	(42,281)
Contributions	<u>100,000</u>	<u>100,000</u>
Total Revenues	<u>732,783</u>	<u>478,795</u>
Expenses:		
General government	130,480	87,318
Transportation	492,955	343,733
Interest	<u>22,057</u>	<u>26,519</u>
Total Expenses	<u>645,492</u>	<u>457,570</u>
Change in Net Position	<u>87,291</u>	<u>21,225</u>
Net Position- Beginning	<u>491,906</u>	<u>470,681</u>
Net Position- Ending	<u>579,197</u>	<u>491,906</u>

Overall Analysis

The District's overall financial position, as measured by total net position, increased by \$87,291 from 2022 to 2023. This increase is mainly due to the collection of property taxes that were used to repay principal on the District's long-term debt. The District has accumulated cash surpluses which will be used to fund future operations, repairs and maintenance of the chairlift or to undertake other future improvements in the District.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

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, unrestricted 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 an ending fund balance of \$1,310,712. Of this balance, \$18,658 is restricted for emergencies, \$278 is restricted for future debt service and the remainder is unassigned but is anticipated to be needed for future repairs and replacements related to the ski lift.

Budget Variances in the District's General Fund

The primary variances in the District's General Fund expenses compared to the budget were related to major repairs for a stairway project and for legal expenses. The General Fund budget variance report is located on Page E1 of this report.

Capital Asset and Long-term Debt Activity

In January of 2005 the District issued \$1,250,000 in General Obligation Bonds which were used to fund street improvements, bridges and walkways within the District. During 2006 the District used all of those bond funds to substantially complete these projects. During 2007 the District conveyed these capital improvements to the Town of Vail.

In February of 2008 the District issued \$1,700,000 in General Obligation Bonds which were used to fund additional street improvements, bridges, and walkways within the District. These assets have also been conveyed to the Town of Vail and accordingly, they are not recorded as capital assets owned by the District.

In August 2015 the District issued refunding bonds in the amount of \$1,940,000 which were used to refund the Series 2005 and Series 2008 bonds. The refunding was undertaken to reduce annual debt service payments and to issue bonds at a lower interest rate. The balance outstanding on the District's long term bonds at the end of 2023 was \$730,000 and the bonds will be fully repaid by 2027.

Infrastructure

The District has conveyed ownership of the Cascade Village Chairlift to Vail Associates, Inc. and has conveyed the road improvements it made in the early years of the District to the Town of Vail. The District has the authority (but not the obligation) under its service plan to make additional improvements in the District.

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 Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060 or email Info@mwcpaa.com.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**Cascade Village Metropolitan District
Statement of Net Position
Governmental Activities
December 31, 2023**

Assets:

Cash and investments	1,133,086
Due from the Eagle County Treasurer	2,215
Other receivables	101,532
Prepaid insurance	5,554
Repair reserve held by VAI	212,523
Property taxes assessed, but not collectible until subsequent year	<u>536,626</u>
Total Assets	<u><u>1,991,536</u></u>

Liabilities:

Accounts payable	144,198
Accrued interest payable	1,515
Bonds payable	
Due within one year	175,000
Due in more than one year	<u>555,000</u>
Total Liabilities	<u><u>875,713</u></u>

Deferred Inflows of Resources:

Unavailable property taxes	<u>536,626</u>
Total Deferred Inflows of Resources	<u><u>536,626</u></u>

Net Position:

Restricted for emergencies	18,658
Unrestricted	<u>560,539</u>
Total Net Position	<u><u><u>579,197</u></u></u>

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

**Cascade Village Metropolitan District
Statement of Activities
Governmental Activities
For the Year Ended December 31, 2023**

Net expense of governmental programs:	
General government	(130,480)
Transportation	(492,955)
Interest on long-term debt	(22,057)
Total governmental activities	<u>(645,492)</u>
 General revenues:	
Taxes:	
Property tax, levied for general purposes	335,385
Property tax, levied for debt service	194,188
Specific ownership tax	27,891
Investment earnings	75,319
Contributions	100,000
Total general revenues	<u>732,783</u>
Change in Net Position	87,291
Net Position - Beginning (as restated)	<u>491,906</u>
Net Position - Ending	<u><u>579,197</u></u>

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

**Cascade Village Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2023**

	General Fund	Debt Service Fund	Total Governmental Funds
Assets:			
Cash and investments	1,132,808	278	1,133,086
Due from the Eagle County Treasurer	2,215	-	2,215
Other receivables	101,532	-	101,532
Prepaid insurance	5,554	-	5,554
Repair reserve held by VAI	212,523	-	212,523
Property taxes assessed, but not collectible until subsequent year	341,936	194,690	536,626
Total Assets	1,796,568	194,968	1,991,536
Liabilities:			
Vouchers payable	144,198	-	144,198
Total Liabilities	144,198	-	144,198
Deferred Inflows of Resources:			
Unavailable property taxes	341,936	194,690	536,626
Total Deferred Inflows of Resources	341,936	194,690	536,626
Fund Balances/Net Position:			
Fund Balances:			
Non-spendable	5,554	-	5,554
Restricted for emergencies	18,658	-	18,658
Restricted for debt service	-	278	278
Unassigned	1,286,222	-	1,286,222
Total Fund Balance	1,310,434	278	1,310,712
Amounts reported in the Statement of Net Assets are different because:			
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Details of these amounts are as follows:			
	Accrued interest payable	(1,515)	
	Bonds payable	(730,000)	
		(731,515)	
Net Position of Governmental Activities			579,197

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

Cascade Village Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	363,276	194,188	557,464
Interest	75,319	-	75,319
Contributions	100,000	-	100,000
Total Revenues	<u>538,595</u>	<u>194,188</u>	<u>732,783</u>
Expenditures:			
General government	128,980	1,500	130,480
Transportation	492,955	-	492,955
Debt service:			
Principal	-	170,000	170,000
Interest	-	22,410	22,410
Total Expenditures	<u>621,935</u>	<u>193,910</u>	<u>815,845</u>
Net Change in Fund Balances	(83,340)	278	(83,062)
Beginning of the Year (as restated)	<u>1,393,774</u>	<u>-</u>	<u>1,393,774</u>
End of the Year	<u><u>1,310,434</u></u>	<u><u>278</u></u>	<u><u>1,310,712</u></u>
Net Change in Fund Balance			(83,062)

Amounts reported in the Statement of Activities are different because:

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 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. Details of these differences are as follows:

	Bond principal	170,000	
	Change in accrued interest	<u>353</u>	
			<u>170,353</u>
Change in Net Position of Governmental Activities			<u><u>87,291</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

The Cascade Village 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 street improvements, transportation systems, and storm drainage systems both within and without the boundaries of the District, which is located 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). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

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

Based on the criteria 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. Currently, the District has only governmental activities.

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 are reported in two parts: reserved and unreserved Net Position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(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 fund:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

C. Measurement Focus and Basis of Accounting

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.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Property Taxes

Property taxes in the State of Colorado are assessed in one year as a lien on the property, but not collected by the government units until the subsequent year. In accordance with generally accepted accounting principles, the assessed, but not collected, property taxes have been recorded in the accompanying financial statements as a receivable and as deferred revenue.

E. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

F. 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.

**Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)**

I. Summary of Significant Accounting Policies (continued)

G. Capital Assets

Capital assets, which include land, buildings, equipment, 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, buildings, and equipment 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
Equipment	5 - 15

At December 31, 2023, the District reported no capital assets.

H. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, unavailable revenue arising from property taxes to be collected in a future period, that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become 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 Position

The governmental fund Balance Sheet includes a reconciliation between *fund balance – governmental funds* and *Net Position of governmental activities* as reported in the government-wide Statement of Net Position found on page C3.

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 a reconciliation between *net change in fund balances of governmental funds* and *changes in Net Position of governmental activities* as reported in the government-wide Statement of Activities found on page C4.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on All Funds

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

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

At December 31, 2023, the District’s cash deposits had a carrying balance and a bank balance as follows:

	Carrying Balance	Bank Balance
Deposits	7,576	11,297
Total	7,576	11,297

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, 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 pools

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Term to Maturity	
			Less than one year	More than one year
<i>Deposits:</i>				
Checking and savings	Not rated	7,576	7,576	-
<i>Investments:</i>				
Certificates of deposit	Not rated	804,437	207,139	597,298
Investment pool	AAAm	321,073	321,073	-
		1,133,086	535,788	597,298

**Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)**

III. Detailed Notes on All Funds (continued)

A. Cash 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.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

At December 31, 2023, the District had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of deposit	804,437	-	804,437	-
Total	804,437	-	804,437	-
Investments Measured at Net Asset Value	Total			
Colostrust	321,073			
	321,073			

The District had invested \$321,073 in the Colorado Local Government Liquid Asset Trust ("the Trust"). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments 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 in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The pool has a Standard and Poor's investment rating of AAAM.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

B. Long-term Debt

1. General Obligation Refunding Bonds, Series 2015

On August 27, 2015, the District issued General Obligation Refunding Bonds, Series 2015 in the amount of \$1,940,000, bearing interest at the rate of 2.49%. \$1,940,000 of bond proceeds was used to refund the outstanding balance of the General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2008; the proceeds were applied immediately to redeem the old debt. In August 2015, the District issued refunding bonds for the purpose of refunding the District's General Obligation Bonds Series 2005, outstanding in the principal amount of \$765,000 and refunding the District's General Obligation Bonds Series 2008 outstanding in the principal amount of \$1,270,000. The refunding was undertaken to reduce annual debt service payments and to issue bonds at a lower interest rate.

**Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)**

III. Detailed Notes on All Funds (continued)

B. Long-term Debt (continued)

2. Annual Debt Service Requirements

Annual debt service requirements to maturity for 2015 general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	175,000	18,177	193,177
2025	180,000	13,820	193,820
2026	185,000	9,338	194,338
2027	190,000	4,731	194,731
	<u>730,000</u>	<u>46,065</u>	<u>776,065</u>

3. Changes in Long-term Debt

	<u>Beginning Balance</u>	<u>Debt Issued</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
2015 General Obligation Bonds	900,000	-	(170,000)	730,000	175,000
	<u>900,000</u>	<u>-</u>	<u>(170,000)</u>	<u>730,000</u>	<u>175,000</u>

IV. 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. Budgets for governmental funds are adopted on a basis consistent with GAAP.

As required by Colorado statutes the District follows these procedures in establishing the budgetary data reflected in the financial statements.

- (1) For the 2023 budget prior to August 25, 2022, the County Assessor sent to the District a 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, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) After a required publication of "Notice of Proposed Budget" the District adopted the proposed budget and an appropriating resolution which legally appropriated expenditures for the upcoming year.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)

IV. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (4) Prior to December 15, 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) After adoption of the budget resolution, the District may make the following changes: a) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; b) emergency appropriations; and c) 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 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes collectible in 2023 were 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.

B. TABOR Amendment - Revenue and Spending Limitation 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.

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, salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for fiscal years ending after December 31, 1994. The District has reserved a portion of its December 31, 2023, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$18,658 which is approximately the required reserve at December 31, 2023.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)

IV. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On November 6, 2007, the District's electorate approved the following ballot question:

Shall Cascade Village Metropolitan District be authorized to collect, retain and spend all revenues and other funds received from all sources, including without limitation, the District's ad valorem property taxes to pay the District's administration and operations and maintenance expenses without limitation as to rate, and shall such revenues be collected, retained and spent by the District as voter-approved revenue changes without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301 C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District.

The District believes it has taken such steps as are appropriate in light of current interpretations of TABOR to comply with its terms. However, TABOR is complex and subject to interpretation. Many of the provisions, including but not limited to, the interpretation of how to calculate Fiscal Year Spending and other limits, will require judicial interpretation.

V. Other Information

A. Vail Associates, Inc. Operating Agreement

The District entered into an agreement effective December 1, 2001, with Vail Associates, Inc. ("VAI"), the developer and operator of the Vail ski area, to convey the Cascade Village Chairlift to VAI and for VAI to maintain and operate the Chairlift. This agreement was amended in 2003, 2005, 2006 and 2007. The original term of the agreement, which was for a period of five operating seasons, with one five year option to renew, was amended to grant the District successive 5 year options. Under the current agreement, these extension options will be deemed exercised unless the District notifies VAI within a specified period of its intent to waive the pertinent option.

The agreement generally states that in exchange for VAI's commitment to continue operations and maintenance of the Chairlift, the District agrees to reimburse VAI for operating and maintenance costs directly associated with the continued operations and maintenance of the Chairlift. Deducted from these costs shall be an amount equal to the percentage of Vertical Transport Feet Per Hour ("VTFH") allocated to the Chairlift multiplied by the ticket sales at the Cascade Village Ticket Office.

Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)

V. Other Information (continued)

A. Vail Associates, Inc. Operating Agreement (continued)

The agreement was amended in 2006 to require VAI and L-O Vail Holding, Inc., owner of the Vail Cascade Hotel, to pay annually to the District \$55,000 and \$45,000, respectively, to compensate the District for benefits derived by each through the District's operation of the Chairlift. Payments are capped under the agreement so as not to collectively exceed the operating and maintenance costs of operating the Chairlift as defined in the agreement.

Under the agreement, the District shall pay to VAI an amount equal to 80% of the prior years' operations and maintenance costs paid, less the VTFH allocation deduction. Five equal installments of this 80% (16% each installment) shall be paid on November 1, December 1, January 1, February 1, and March 1 of the respective operating season. VAI shall provide its operations and maintenance costs and VTFH calculation no later than May 30. Based on the reconciliation of these costs to the amount already paid by the District, an amount due to, or receivable from, VAI is calculated. This final amount should ensure payment by the District to VAI equals, but does not exceed 100% of the operating and maintenance costs for the respective operating season.

Operating and maintenance costs do not include costs for major repairs to the Chairlift. Therefore, the District agreed to fund a reserve account with a balance of at least \$200,000 to be used for major repairs and/or rebuilding. Annually on or before May 30, VAI reconciles the reserve. In the event the District does not request the option to renew this Agreement, VAI shall return any unused reserve funds to the District. VAI did not expend any funds for major repairs during 2023.

The total cost of lift operations during the year ended December 31, 2023, was \$406,338.

B. Risk Management

1. 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.

**Cascade Village Metropolitan District
Notes to Financial Statements
December 31, 2023
(continued)**

V. Other Information (continued)

B. Risk Management (continued)

1. Colorado Special Districts Property and Liability Pool (continued)

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

Assets	81,143,798
Liabilities	58,670,068
Capital and surplus	22,473,730
Total	81,143,798
Revenue	29,593,851
Underwriting expenses	31,416,477
Underwriting gain (loss)	(1,822,626)
Other income	1,695,393
Net income (loss)	(127,233)

C. Significant Taxpayer

The hotel complex located within the boundaries of the District represents a significant portion of assessed valuation. As of 2023, the complex represents approximately 63% of the assessed valuation of the District.

D. Restatement

The District restated the general fund beginning fund balance to mark investments to market value. This resulted in a \$64,069 decrease in beginning fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

Cascade Village Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Property tax levied for, general purposes	335,016	335,016	335,385	369
Specific ownership tax	26,500	26,500	27,891	1,391
Interest	46,960	46,960	75,319	28,359
Contributions	100,000	100,000	100,000	-
Total Revenues	<u>508,476</u>	<u>508,476</u>	<u>538,595</u>	<u>30,119</u>
Expenditures:				
General government:				
Accounting and audit	16,200	16,200	17,831	(1,631)
Insurance	6,140	6,140	5,418	722
Legal	21,290	21,290	48,009	(26,719)
Administration and other	4,101	4,101	2,738	1,363
Directors' fees	2,000	2,000	-	2,000
Election	-	-	303	(303)
Treasurer's fees	15,870	15,870	15,908	(38)
Path and sidewalk maintenance	45,360	45,360	38,773	6,587
Transportation:				
Lift operations	405,000	405,000	406,338	(1,338)
Major repairs - Chairlift	30,000	30,000	-	30,000
Major repairs - Stairway	50,000	60,000	84,371	(24,371)
Major repairs - Bridge	-	-	2,246	(2,246)
Contingency	20,000	20,000	-	20,000
Total Expenditures	<u>615,961</u>	<u>625,961</u>	<u>621,935</u>	<u>4,026</u>
Net Change in Fund Balance	(107,485)	(117,485)	(83,340)	34,145
Fund Balance - Beginning (as restated)	<u>1,341,696</u>	<u>1,341,696</u>	<u>1,393,774</u>	<u>52,078</u>
Fund Balance - Ending	<u><u>1,234,211</u></u>	<u><u>1,224,211</u></u>	<u><u>1,310,434</u></u>	<u><u>86,223</u></u>

SUPPLEMENTARY INFORMATION

Cascade Village Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Budget Variance Positive (Negative)
Revenues:			
Taxes:			
Property tax levied for debt service	193,974	194,188	214
Total Revenues	<u>193,974</u>	<u>194,188</u>	<u>214</u>
Expenditures:			
General government:			
Paying agent fees	1,500	1,500	-
Debt Service:			
Principal	170,000	170,000	-
Interest	22,410	22,410	-
Total Expenditures	<u>193,910</u>	<u>193,910</u>	<u>-</u>
Net Change in Fund Balance	64	278	214
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>64</u>	<u>278</u>	<u>214</u>