



CHEROKEE METROPOLITAN DISTRICT

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION With Independent Auditors' Report

YEAR ENDED DECEMBER 31, 2021

BOARD OF DIRECTORS

President Steve Hasbrouck
Vice President Walt Herrley
Secretary Dennis Daniels
Treasurer Linda Keleher
Director Michelle Marie Kinney

Amy Lathen – General Manager

CHEROKEE METROPOLITAN DISTRICT

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	i
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund to the Statement of Activities	10
Proprietary Funds:	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Fund	14
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Parks Fund	15
Notes to Financial Statements	16
SUPPLEMENTAL INFORMATION:	
Schedule of Revenues, Expenses and Change in Net Position – (Non-GAAP Budgetary Basis) – Water and Wastewater Enterprise Fund	37
Schedule of Revenues, Expenses and Change in Net Position – (Non-GAAP Budgetary Basis) – Golf Course Enterprise Fund	38
Debt Service Coverage and Reserve Requirements	39

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cherokee Metropolitan District
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Cherokee Metropolitan District, (the District) as of and for the year ended December 31, 2021, 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, the business-type activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplemental 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.

Report on Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 37 through 39 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Stockman Kast Ryan + Co. LLP

September 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHEROKEE METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) is presented to provide an overview of the financial activities and conditions for the fiscal year ended on December 31, 2021. The MD&A contains information currently known to management as of the date of the auditor's report. The MD&A should be read in conjunction with the District's financial statements that accompany this report.

FINANCIAL HIGHLIGHTS

- Total Assets equaled \$187,170,955 for 2021.
- Cash, Cash Equivalents and Investments as of December 31, 2021 were \$60,238,646.
- Total Liabilities, as of December 31, 2021, equaled \$71,068,511.
- Net Position, as of December 31, 2021, totaled \$116,102,444.
- Governmental change in Net Position from 2020 to 2021 totaled \$29,539.
- Business-type change in Net Position from 2020 to 2021 totaled \$12,727,585.

FINANCIAL STATEMENTS

The financial statements consist of three parts - management discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two are government-wide statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

Government-wide Statements — The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial status, or financial position. Over time increases or decreases in the District's net position is one indicator whether its financial health is improving or deteriorating.

Fund Financial Statements — The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds, not the District as a whole. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds — The activity of the District's General fund is reported as a governmental fund, which focuses on how money flows into and out of the General fund. This fund is reported using the modified accrual accounting method, which measures cash and all of the other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs.

Proprietary (Enterprise) Funds — The activity of the District Enterprise funds is to report the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's Enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provides more detailed and additional information, such as cash flows.

District Specific — The Cherokee Metropolitan District utilizes two separate financial categories of activities; one for the general district functions and one for the enterprise, or business-type functions. Each of these, in turn, is segregated into operational and capital functions. Together, these comprise the overall government-wide statements. The Governmental, or general, category covers the public functions involving street lighting and parks. The Proprietary, or Business-type, category involves the public provision of water, wastewater, reuse water, related administration, and golf course functions. The Governmental functions are funded by fees and conservation trust funds. The Proprietary functions are funded by water and sewer user charges, tap fees, golf fees, and, similarly, bond financing when required for capital projects.

FINANCIAL POSITION & RESULTS FROM OPERATIONS

NET POSITION:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSET						
Other	\$ 526,884	\$ 61,831,198	\$ 62,358,082	\$ 482,430	\$ 70,768,039	\$ 71,250,469
Capital	481,939	124,330,934	124,812,873	499,874	100,664,765	101,164,639
Total assets	<u>\$ 1,008,823</u>	<u>\$ 186,162,132</u>	<u>\$ 187,170,955</u>	<u>\$ 982,304</u>	<u>\$ 171,432,804</u>	<u>\$ 172,415,108</u>

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
LIABILITIES						
Current	\$ 8,662	\$ 6,724,362	\$ 6,733,024	\$ 11,682	\$ 3,201,526	\$ 3,213,208
Long-term		64,335,487	64,335,487		65,856,580	65,856,580
Total assets	\$ 8,662	\$ 71,059,849	\$ 71,068,511	\$ 11,682	\$ 69,058,106	\$ 69,069,788
NET POSITION						
Net investment in capital assets	\$ 481,939	\$ 58,459,321	\$ 58,941,260	\$ 499,874	\$ 33,410,560	\$ 33,910,434
Restricted position	432,739	28,824,361	29,257,100	281,232	48,672,185	48,953,417
Unrestricted position	85,483	27,818,601	27,904,084	189,516	20,291,953	20,481,469
Total assets	\$ 1,000,161	\$ 115,102,283	\$ 116,102,444	\$ 970,622	\$ 102,374,698	\$ 103,345,320

Condensed Statements of Activities for the years ended December 31, 2021 and 2020

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Charges for service	\$ 323,597	\$ 15,105,022	15,428,619	\$ 316,737	\$ 15,499,227	\$ 15,815,964
Operating grants and contributions	150,525		150,525	127,519		127,519
Capital grants and contributions		6,899,413	6,899,413		3,077,928	3,077,928
Investment earnings	366	27,839	28,205	2,035	121,820	123,855
Other revenues		2,657,038	2,657,038		2,738,794	2,738,794
Total revenues	\$ 474,488	\$ 24,689,312	\$ 25,163,800	\$ 446,291	\$ 21,437,769	\$ 21,884,060
FUNCTIONAL						
Street lights	126,955		126,955	122,517		122,517
Parks	317,994		317,994	263,461		263,461
Water and wastewater		10,741,843	10,741,843		11,317,178	11,317,178
Golf Course		1,219,884	1,219,884		1,114,690	1,114,690
Total expenditures	\$ 444,949	\$ 11,961,727	\$ 12,406,676	\$ 385,978	\$ 12,431,868	\$ 12,817,846
Change in net position	29,539	12,727,585	12,757,124	60,313	9,005,901	9,066,214
Net position beginning of year	970,622	102,374,698	103,345,320	910,309	93,368,797	94,279,106
Net position end of year	\$ 1,000,161	\$ 115,102,283	\$ 116,102,444	\$ 970,622	\$ 102,374,698	\$ 103,345,320

Both Governmental and Business-type Activities exhibited a positive change in net position primarily attributable to monitoring expenditures in conjunction with increasing revenue.

ANALYSIS OF POSITION

The overall financial position of the District increased during 2021, due to continued monitoring of operating expenditures and increasing revenue due to growth, a favorable arbitration settlement in the Water and Wastewater Enterprise Fund and increased player activity at the District’s Golf Course.

Capital assets for both Governmental and Business-type Activities increased as the District continues to make improvements to its parks, golf course and water and wastewater infrastructure. The construction phase of the TDS Reduction Project commenced in 2021. This project alone accounted for almost \$25 million of the District’s total Enterprise Funds’ Capital of \$26,348,305 added in 2021. This project will assist the District in meeting the State mandate to reduce the TDS (Total Dissolved Solids) level in the District’s wastewater outflow.

CAPITAL ASSETS:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Water and Wastewater Fund and Golf course	\$	\$ 161,563,046	161,563,046	\$	\$ 135,214,741	\$ 135,214,741
Street light and and park improvements	1,135,845		1,135,845	1,087,633		1,087,633
Accumulated depreciation	(653,906)	(36,667,112)	(37,321,018)	(587,759)	(33,984,976)	(34,572,735)
Impairment		(565,000)	(565,000)		(565,000)	(565,000)
Total capital assets, net	\$ 481,939	\$ 124,330,934	\$ 124,812,873	\$ 499,874	\$ 100,664,765	\$ 101,164,639

The long-term liabilities decreased during 2021 by nearly \$1,400,000 in the Water and Wastewater Enterprise fund due to the District paying principal on existing debt. This decrease occurred despite the District issuing Revenue Refunding Bonds for the partial refunding of the 2021 and 2013 Revenue Bonds to take advantage of low interest rates in early 2021.

LONG-TERM DEBT:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds payable	\$	\$ 59,021,319	\$ 59,021,319	\$	\$ 59,507,584	\$ 59,507,584
Notes payable		6,850,294	6,850,294		7,746,621	7,746,621
Total debt	\$ -	\$ 65,871,613	\$ 65,871,613	\$ -	\$ 67,254,205	\$ 67,254,205

FUTURE TRENDS AND ECONOMIC FACTORS

Cherokee Metropolitan District’s financial position continued at a strong pace in 2021. Residential building continued and construction on two new apartment complexes and other multi-family dwellings is slated for 2022. The District’s Golf Course continued to welcome many new customers partially due to the closure of another nearby golf course, the competitive fees charged for play and the growing popularity of the sport since the Pandemic.

The District will near completion of the Reverse Osmosis Plant (TDS Reduction Project) at the end of 2022. Water return flow quality limits imposed by the State of Colorado have made it necessary for the

District to construct this multi-million dollar facility to remedy the situation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Cherokee Metropolitan District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Amy Lathen, General Manager, at (719) 597-5080.

BASIC FINANCIAL STATEMENTS

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 30,995,779	\$ 30,995,779
Cash and cash equivalents, restricted	418,506	28,824,361	29,242,867
Total cash and cash equivalents	<u>418,506</u>	<u>59,820,140</u>	<u>60,238,646</u>
Accounts receivable	-	1,866,660	1,866,660
Loan receivable	-	102,787	102,787
Inventories	-	53,097	53,097
Prepaid expenses	4,010	92,882	96,892
Due (to) from other funds	104,368	(104,368)	-
Capital assets, net of accumulated depreciation	<u>481,939</u>	<u>124,330,934</u>	<u>124,812,873</u>
Total assets	<u>1,008,823</u>	<u>186,162,132</u>	<u>187,170,955</u>
LIABILITIES			
Accounts payable	8,662	3,376,819	3,385,481
Accrued expenses	-	315,436	315,436
Accrued interest	-	831,572	831,572
Customer deposits	-	210,002	210,002
Unearned revenue	-	351,620	351,620
Interfund Loan payable	-	102,787	102,787
Long-term liabilities			
Due within one year	-	1,536,126	1,536,126
Due in more than one year	-	64,335,487	64,335,487
Total liabilities	<u>8,662</u>	<u>71,059,849</u>	<u>71,068,511</u>
NET POSITION			
Net investment in capital assets	481,939	58,459,321	58,941,260
Restricted	432,739	28,824,361	29,257,100
Unrestricted	85,483	27,818,601	27,904,084
Total net position	<u>\$ 1,000,161</u>	<u>\$ 115,102,283</u>	<u>\$ 116,102,444</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Lighting	\$ 126,955	\$ 140,357	\$ -	\$ -	\$ 13,402	\$ -	\$ 13,402
Parks	317,994	183,240	150,525	-	15,771	-	15,771
General government	<u>\$ 444,949</u>	<u>\$ 323,597</u>	<u>\$ 150,525</u>	<u>\$ -</u>	<u>29,173</u>	<u>-</u>	<u>29,173</u>
Business-type activities:							
Water and Wastewater Fund	\$ 10,741,843	\$ 13,613,707	\$ -	\$ 6,899,413	-	9,771,277	9,771,277
Golf Course Fund	1,219,884	1,491,315	-	-	-	271,431	271,431
Total	<u>\$ 11,961,727</u>	<u>\$ 15,105,022</u>	<u>\$ -</u>	<u>\$ 6,899,413</u>	<u>-</u>	<u>10,042,708</u>	<u>10,042,708</u>
		General revenue:					
		Investment earnings			366	27,839	28,205
		TDS Capital Contribution - Meridian Arbitration Settlement			-	826,107	826,107
		Grant revenue			-	1,108,391	1,108,391
		Other revenue			-	27,937	27,937
		Total general revenue			366	2,684,877	2,685,243
		Change in net position			29,539	12,727,585	12,757,124
		Net position - Beginning			970,622	102,374,698	103,345,320
		Net position - Ending			<u>\$ 1,000,161</u>	<u>\$ 115,102,283</u>	<u>\$ 116,102,444</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021**

	General Fund	Parks Fund	Total Governmental Funds
ASSETS			
Restricted cash and cash equivalents	\$ -	\$ 418,506	\$ 418,506
Prepaid expense	-	4,010	4,010
Loan receivable	-	-	-
Due from other funds	181,930	-	181,930
Total assets	\$ 181,930	\$ 422,516	\$ 604,446
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ -	\$ 8,662	\$ 8,662
Due to other funds	-	77,562	77,562
Total liabilities	-	86,224	86,224
FUND BALANCE			
Nonspendable:			
Prepaid expenditures	-	4,010	4,010
Restricted	14,233	418,506	432,739
Assigned to:			
Subsequent years expenditures	-	-	-
Unassigned	167,697	(86,224)	81,473
Total fund balance	181,930	336,292	518,222
TOTAL LIABILITIES AND FUND BALANCE	\$ 181,930	\$ 422,516	\$ 604,446

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position:

Total fund balance, governmental funds		\$ 518,222
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets		481,939
Net position of governmental activities		\$ 1,000,161

These financial statements should be read only in connection with the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	General Fund	Parks Fund	Total Governmental Funds
REVENUE			
Fees	\$ 140,357	\$ 183,240	\$ 323,597
Conservation Trust funds	-	150,525	150,525
Interest/miscellaneous income	-	366	366
Total revenues	<u>140,357</u>	<u>334,131</u>	<u>474,488</u>
EXPENDITURES			
Lighting	126,955	-	126,955
Parks, landscape and open space	-	300,059	300,059
Total expenditures	<u>126,955</u>	<u>300,059</u>	<u>427,014</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>13,402</u>	<u>34,072</u>	<u>47,474</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(13,402)	13,402	-
Total other financing sources	<u>(13,402)</u>	<u>13,402</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>47,474</u>	<u>47,474</u>
FUND BALANCE - BEGINNING OF YEAR	<u>181,930</u>	<u>288,818</u>	<u>470,748</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 181,930</u></u>	<u><u>\$ 336,292</u></u>	<u><u>\$ 518,222</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 47,474</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays for the period.	<u>(17,935)</u>
Change in net position - Governmental activities	<u><u>\$ 29,539</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

ASSETS	Water and Wastewater Fund	Golf Course Fund	Total
Current assets			
Cash and cash equivalents	\$ 30,012,480	\$ 983,299	\$ 30,995,779
Accounts receivable	1,866,660	-	1,866,660
Interfund loan receivable	102,787	-	102,787
Inventories	-	53,097	53,097
Prepaid expenses	82,541	10,341	92,882
Total current assets	<u>32,064,468</u>	<u>1,046,737</u>	<u>33,111,205</u>
Non-current assets			
Restricted cash and cash equivalents	28,824,361	-	28,824,361
Capital assets, net of depreciation	122,141,539	2,189,395	124,330,934
Total non-current assets	<u>150,965,900</u>	<u>2,189,395</u>	<u>153,155,295</u>
TOTAL ASSETS	<u><u>\$ 183,030,368</u></u>	<u><u>\$ 3,236,132</u></u>	<u><u>\$ 186,266,500</u></u>
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable	\$ 3,374,564	\$ 2,255	\$ 3,376,819
Accrued expenses	314,384	1,052	315,436
Accrued interest	831,572	-	831,572
Due to other funds	(357,394)	461,762	104,368
Customer deposits	210,002	-	210,002
Unearned revenue	351,620	-	351,620
Interfund loan payable	-	102,787	102,787
Notes payable - current portion	916,126	-	916,126
Bonds payable - current portion	620,000	-	620,000
Total current liabilities	<u>6,260,874</u>	<u>567,856</u>	<u>6,828,730</u>
Non-current liabilities			
Notes payable	5,934,168	-	5,934,168
Bonds payable	58,401,319	-	58,401,319
Total non-current liabilities	<u>64,335,487</u>	<u>-</u>	<u>64,335,487</u>
Total liabilities	<u>70,596,361</u>	<u>567,856</u>	<u>71,164,217</u>
NET POSITION			
Net investment in capital assets	56,269,926	2,189,395	58,459,321
Restricted	28,824,361	-	28,824,361
Unrestricted	27,339,720	478,881	27,818,601
Total net position	<u>112,434,007</u>	<u>2,668,276</u>	<u>115,102,283</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 183,030,368</u></u>	<u><u>\$ 3,236,132</u></u>	<u><u>\$ 186,266,500</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2021

	Water and Wastewater Fund	Golf Course Fund	Total
OPERATING REVENUE			
Water sales	\$ 7,713,097	\$ -	\$ 7,713,097
Sewer services	5,214,025	-	5,214,025
TDS Surcharge	686,585	-	686,585
Golf revenue	-	1,162,739	1,162,739
Resale	-	328,576	328,576
Total operating revenue	<u>13,613,707</u>	<u>1,491,315</u>	<u>15,105,022</u>
OPERATING EXPENSES			
Water system	2,932,625	-	2,932,625
Wastewater system	1,632,601	-	1,632,601
Support services	932,847	-	932,847
Golf course operations	-	889,791	889,791
General and administrative	1,509,736	244,110	1,753,846
Depreciation	2,596,153	85,983	2,682,136
Total operating expenses	<u>9,603,962</u>	<u>1,219,884</u>	<u>10,823,846</u>
OPERATING INCOME	<u>4,009,745</u>	<u>271,431</u>	<u>4,281,176</u>
NONOPERATING REVENUE AND (EXPENSES)			
Tap fees	6,899,413	-	6,899,413
Interest income	27,839	-	27,839
Miscellaneous income	684,073	10,530	694,603
Cost of issuance	(175,196)	-	(175,196)
Grant revenue	27,937	-	27,937
TDS Capital Contribution - Meridian	826,107	-	826,107
Interest expense	(491,884)	-	(491,884)
Legal - TDS Arbitration	(470,801)	-	(470,801)
Arbitration Settlement	1,108,391	-	1,108,391
Total nonoperating revenue, net	<u>8,435,879</u>	<u>10,530</u>	<u>8,446,409</u>
CHANGE IN NET POSITION	<u>12,445,624</u>	<u>281,961</u>	<u>12,727,585</u>
NET POSITION - BEGINNING OF YEAR	<u>99,988,383</u>	<u>2,386,315</u>	<u>102,374,698</u>
NET POSITION - END OF YEAR	<u>\$ 112,434,007</u>	<u>\$ 2,668,276</u>	<u>\$ 115,102,283</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2021

	Water and Wastewater Fund	Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 15,904,249	\$ 1,494,263
Cash payments to suppliers for goods and services	(1,661,355)	(598,501)
Cash payments to employees for services	(2,476,970)	(535,505)
Net cash provided by operating activities	11,765,924	360,257
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant revenue	27,937	-
Change in due from other funds	(36,134)	(70,792)
Net cash provided by (used in) noncapital financing activities	(8,197)	(70,792)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions - tap fees	6,899,413	-
Miscellaneous income	684,073	10,530
Purchase of capital assets	(26,167,551)	(180,754)
Principal paid on debt	(1,067,625)	-
Bond proceeds	14,072,206	-
Interfund loan/loan proceeds	(158,354)	158,354
TDS Capital Contribution - Meridian	826,107	-
Legal - TDS Arbitration	(470,801)	-
Escrow transfer/payment to retire existing debt	(13,800,000)	-
Payment received/made on interfund debt	55,566	(55,566)
Bond issuance costs	(175,196)	-
Arbitration Settlement	1,108,391	-
Interest paid on debt	(874,089)	-
Net cash provided by (used in) capital and related financing activities	(19,067,860)	(67,436)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	27,839	-
Net cash provided by investing activities	27,839	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,282,294)	222,029
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	66,119,135	761,270
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 58,836,841	\$ 983,299
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 4,009,745	\$ 271,431
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,596,153	85,983
Effects of changes in operating assets and liabilities:		
Accounts receivable	1,918,962	2,948
Prepaid expense	156,596	2,674
Accounts payable	2,640,841	(7,897)
Accrued expenses	72,047	8
Inventories	-	5,110
Unearned revenue	351,620	-
Customer deposits	19,960	-
Net cash provided by operating activities	\$ 11,765,924	\$ 360,257

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE				
Fees	\$ 138,000	\$ 140,400	\$ 140,357	\$ (43)
Total Revenue	<u>138,000</u>	<u>140,400</u>	<u>140,357</u>	<u>(43)</u>
EXPENDITURES				
Lighting	124,000	127,000	126,955	45
Total Expenditures	<u>124,000</u>	<u>127,000</u>	<u>126,955</u>	<u>45</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>14,000</u>	<u>13,400</u>	<u>13,402</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(13,400)	(13,402)	(2)
Total other financing sources	<u>-</u>	<u>(13,400)</u>	<u>(13,402)</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCE	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>180,217</u>	<u>180,217</u>	<u>181,930</u>	<u>1,713</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 194,217</u></u>	<u><u>\$ 180,217</u></u>	<u><u>\$ 181,930</u></u>	<u><u>\$ 1,713</u></u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARKS FUND
For the Year Ended December 31, 2021

	<u>Budgeted Amounts Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE			
Fees	\$ 178,000	\$ 183,240	\$ 5,240
Conservation Trust funds	125,000	150,525	25,525
Interest/miscellaneous income	600	366	(234)
Total Revenues	<u>303,600</u>	<u>334,131</u>	<u>30,531</u>
EXPENDITURES			
Parks, landscape and open space	273,073	251,847	21,226
Capital outlay	123,000	48,212	74,788
Total Expenditures	<u>396,073</u>	<u>300,059</u>	<u>96,014</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(92,473)</u>	<u>34,072</u>	<u>126,545</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13,400	13,402	2
Total other financing sources	<u>13,400</u>	<u>13,402</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>(79,073)</u>	<u>47,474</u>	<u>126,547</u>
FUND BALANCE - BEGINNING OF YEAR	<u>279,838</u>	<u>288,818</u>	<u>8,980</u>
FUND BALANCE - END OF YEAR	<u>\$ 200,765</u>	<u>\$ 336,292</u>	<u>\$ 135,527</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and organization - Cherokee Metropolitan District (District) is a political subdivision of the State of Colorado. The District converted from Cherokee Water and Sanitation District on May 11, 1992. On May 11, 1992, Cimarron Hills Street Improvement District merged into Cherokee Metropolitan District. The District provides water and wastewater services and parks to residents of the District.

The District financial statements are prepared in accordance with the U.S. 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). A summary of the significant accounting policies used in the preparation of those financial statements follows.

Reporting entity - The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Government-wide and fund financial statements

Government- wide financial statements - The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities are financed to a significant extent by fees and charges.

The statement of activity demonstrates the degree to which direct expenses of a given function

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financial sources.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Those revenues susceptible to accrual are interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Parks Fund - The Parks Fund is accounted for as a special revenue fund. It is used to account for monies received by the District for the purpose of making necessary repairs and improvements to the District's parks.

The District reports the following major proprietary funds:

Water and Wastewater Enterprise Fund - The Water and Wastewater Enterprise Fund is used for activities of providing and processing water and wastewater.

Golf Course Enterprise Fund - The Golf Course Enterprise Fund is used to account for the operations of the golf course.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

An Enterprise Fund is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds - the Water and Wastewater Fund and the Golf Course Fund. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for service. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and investments - Cash and cash equivalents include cash on hand and in the bank, money market funds are short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash and investments. Investments are stated at fair value.

Receivables - All receivables are reported to their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Inventories and prepaid items - Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Due to and from other funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds”. In the government-wide financial statements, all internal balances have been substantially eliminated.

Restricted cash and investments - The use of certain cash investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is restricted by third party agreements.

Capital assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. street lights, signs and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

If proprietary fund assets are constructed, interest is capitalized on the assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Buildings, improvements, vehicles, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Street Lights	5-10 years
Park Improvements	10 years
Improvements	5-40 years
Buildings	40 years
Equipment	5-20 years
Transmission	5-50 years
Water Rights	50 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and change in net position.

Deferred outflows and inflows of resources - Deferred outflow and inflow of resources are a consumption or acquisition of net assets that is applicable to a future reporting period. The District does not have any of these items.

Compensated absences - Employees earn 80 hours of sick leave per year. Employees hired before January 1, 2015 may accumulate up to 480 hours. Upon retirement or voluntary termination, an employee is paid for up to 320 hours at the employee's current salary rate. Employees hired after January 1, 2015 may accumulate 80 hours of sick leave and are not paid for sick leave upon retirement or termination of service.

Employees earn vacation time in varying amounts based upon length of service. Employees are paid for unused vacation time upon termination.

The District has recorded a liability for compensated absences in the proprietary funds.

Long-term liabilities - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable premium or discount. Issue costs are reported as expense in the period incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balance classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District typically uses *Restricted* fund balances first, followed by *Committed* resources, then *Assigned* resources as appropriate opportunities arise, but reserves the right to selectively spend *Unassigned* resources first to defer the use of these other classified funds.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget information - The District follows these procedures in establishing the budgetary data reflected in the financial statements:

A. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted by the District to obtain taxpayer comments.

C. Prior to December 15, the budget is legally approved.

D. Any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

E. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.

F. The budget for the General and Parks Fund is adopted on a basis consistent with GAAP.

G. The budget for the Water and Wastewater and Gold Course Enterprise Funds is prepared on a basis of accounting other than GAAP, which is normal for proprietary funds. The primary differences are that bond proceeds are treated as a budget source, and capital expenditure and principal payments are treated as a budget use.

H. Budgeted amounts are as originally adopted or amended.

I. All annual appropriations lapse at the end of the year.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District's deposits and investments consist of the following at December 31, 2021:

	Cash and cash equivalents	Restricted cash and cash equivalents	Total
Deposits	\$ 21,683,547	\$ -	\$ 21,683,547
ColoTrust	9,312,232	29,242,867	38,555,099
Total	<u>\$ 30,995,779</u>	<u>\$ 29,242,867</u>	<u>\$ 60,238,646</u>

Reconciliation of cash and cash equivalents and investments to the government-wide financial statements at December 31, 2021, is:

	Cash and cash equivalents	Restricted cash and cash equivalents	Total
Governmental activities	\$ -	\$ 418,506	\$ 418,506
Business-type activities	30,995,779	28,824,361	59,820,140
Total	<u>\$ 30,995,779</u>	<u>\$ 29,242,867</u>	<u>\$ 60,238,646</u>

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

Cash equivalents - 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held.

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 102% of the uninsured deposits.

At December 31, 2021, the carrying amount of the District's deposits was \$21,683,547 and the bank balances were \$21,713,316. Of the bank balances, \$500,000 was covered by federal depository insurance and \$21,213,316 falls under the provisions of the PDPA, which is collateralized in single institution pools.

The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market funds;
- Guaranteed investment contracts.

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level to unobservable inputs (level 3) as follows:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS- Continued

Level 2: Observable inputs other than quoted market prices.

Level 3: Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investments measured at NAV:

COLOTRUST	
Total investments measured at NAV	<u>\$38,555,099</u>

Investments Measured at NAV:

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. A twelve-member Board of Trustees, elected by the fund participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. COLOTRUST reports all investments as level 2 investments while the District's investment in COLOTRUST is reported at NAV. The District has no unfunded commitments or redemption restrictions on their investment in COLOTRUST. The separate audited financial statements of COLOTRUST are available on their website at www.colotruster.com.

Credit risk - State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2021, all of the District's investments were invested in COLOTRUST. COLOTRUST has a credit quality rating of "AAAm", as determined by Standard & Poor Global Ratings.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS- Continued

Interest rate risk - State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2021, consisted of the following:

User fees	\$	1,646,499
IGA		173,974
Other		46,187
Total		\$ 1,866,660

NOTE 4 - INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds - Inter-fund receivable and payables are created in conjunction with the District's pooled cash, and are paid back within a reasonable time. As of December 31, 2021, inter-fund receivables and payables were as follows:

	Due from other funds	Due to other funds
General Fund	\$ 181,930	\$ -
Parks Fund	-	77,562
Golf Course Fund	-	461,762
Water and Wastewater Fund	357,394	-
Total	\$ 539,324	\$ 539,324

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2021, was as follows:

	Balance at December 31, 2020	Additions	Disposals/ Retirements	Balance at December 31, 2021
Governmental activities:				
Capital assets, being depreciated:				
Street lights	\$ 55,960	\$ -	\$ -	\$ 55,960
Park improvements and equipment	<u>1,031,673</u>	<u>48,212</u>	<u>-</u>	<u>1,079,885</u>
Total capital assets being depreciated	<u>1,087,633</u>	<u>48,212</u>	<u>-</u>	<u>1,135,845</u>
Less accumulated depreciation for:				
Street lights	(55,960)	-	-	(55,960)
Park improvements and equipment	<u>(531,799)</u>	<u>(66,147)</u>	<u>-</u>	<u>(597,946)</u>
Total accumulated depreciation	<u>(587,759)</u>	<u>(66,147)</u>	<u>-</u>	<u>(653,906)</u>
Total capital assets, net	<u>\$ 499,874</u>	<u>\$ (17,935)</u>	<u>\$ -</u>	<u>\$ 481,939</u>

Business-type capital asset activity for the year ended December 31, 2021, was as follows:

	Balance at December 31, 2020	Additions	Disposals/ Retirements	Balance at December 31, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,218,728	\$ -	\$ -	\$ 2,218,728
Water rights	39,985,305	207,548	-	40,192,853
CIP - TDS	2,183,115	24,946,752	-	27,129,867
Capital assets, being depreciated:				
Land improvements	1,020,020	-	-	1,020,020
Buildings	23,960,016	33,840	-	23,993,856
Equipment	11,915,270	428,768	-	12,344,038
Transmission	<u>53,932,287</u>	<u>731,397</u>	<u>-</u>	<u>54,663,684</u>
Total capital assets being depreciated	<u>135,214,741</u>	<u>26,348,305</u>	<u>-</u>	<u>161,563,046</u>
Less accumulated depreciation	(33,984,976)	(2,682,136)	-	(36,667,112)
Less: allowance for impaired assets	<u>(565,000)</u>	<u>-</u>	<u>-</u>	<u>(565,000)</u>
Total business-type activities capital assets, net	<u>\$ 100,664,765</u>	<u>\$ 23,666,169</u>	<u>\$ -</u>	<u>\$ 124,330,934</u>

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS - continued

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
Parks	\$ 66,147
Total depreciation expense - governmental activities	<u>\$ 66,147</u>
Business-type activities	
Water and wastewater	\$ 2,596,153
Golf course	<u>85,983</u>
Total depreciation expense - business-type activities	<u>\$ 2,682,136</u>

As of December 31, 2021, an allowance of \$565,000 relating to challenged water rights remains unchanged in the current year. See (NOTE 12) relating to the District's contingencies relating to water litigation.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at December 31, 2021, consisted of the following:

Accounts payable - trade	\$ 2,222,047
Accounts payable - retainage	<u>1,163,434</u>
	<u>\$ 3,385,481</u>

NOTE 7 - LONG-TERM LIABILITIES

Colorado Water Resources and Power Development Authority loans

On November 8, 2006, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for \$15,249,690 collateralized by pledge of net revenues from the Water and Wastewater Fund (revenues after deducting operation and maintenance expenses).

The 2006 loan is payable semiannually, with principal and interest payments of \$381,209 to \$526,461, including interest at 3.5% with the final payment due August 1, 2027. CWRPDA

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM LIABILITIES - continued

restructured the loan in May 2016 which reduced the District's debt service costs over the remainder of the term of the loan.

On May 13, 2016 CWRPDA refinanced the bonds that support the 2006 loan that they have issued to the District. As a result of this refinancing CWRPDA has agreed to provide interest credits which reduce the effective interest rate to approximately 3.0% on future payments on the 2006 note. No other payment terms were changed. The present value of this savings is \$745,046. The future minimum payments as noted below have been adjusted for the new interest payments.

On September 11, 2012, the District entered into a loan agreement with the CWRPDA for \$2,000,000, collateralized by a pledge of net revenues from the Water and Wastewater Fund (revenues after deducting operation and maintenance expenses). The 2012 loan requires principal and interest payments of \$22,500 to \$76,528, including interest at 2.0%. The loan is scheduled to mature August 1, 2033.

Annual debt service requirements to maturity for the loans are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 916,126	\$ 212,806
2023	940,046	192,428
2024	958,645	168,352
2025	998,777	133,246
2026	1,055,079	76,113
2027 - 2031	1,690,261	52,254
2032 - 2033	298,608	7,502
Total	<u>\$ 6,857,542</u>	<u>\$ 842,701</u>

Revenue bonds – The District issued Series 2012 revenue bonds (\$9,415,000 original issue) to provide funds for the purchase of water rights, well field development, water treatment and water conveyance infrastructure. The bond principal and interest are payable from the District's net pledged revenue, which includes all revenues of the water and wastewater system less operation and maintenance expenses. The bonds have an interest rate varying annually from two to four

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM LIABILITIES - continued

percent, interest payable semi-annually on February 1 and August 1 of each year.

Principal is payable annually on August 1, and mature no later than December 31, 2037. The District sought a level aggregate annual debt service level that takes into account prior financing with the CWRPDA (detailed above), both financing for wastewater infrastructure.

The District issued Series 2013 revenue bonds (\$9,660,000 original issue) to provide funds for the purchase of water rights, well field development, water treatment and water conveyance infrastructure. The bond principal and interest are payable from the District’s net pledged revenue, which includes all water and wastewater system less operation and maintenance expenses. The bonds have an interest rate varying annually from two to four percent, interest payable semi-annually, principal payable annually on August 1 of each year and mature no later than December 31, 2033. The District sought a level aggregate annual debt service level that takes into account prior financing with the CWRPDA (detailed above), both financing for wastewater infrastructure.

On April 29, 2021, the District issued Series 2021A and 2021B revenue refunding bonds to provide funds for the partial redemption of the Series 2012 and 2013 revenue bonds. The issuance of these bonds will provide the District an interest savings of over \$1.1 million dollars while retaining the same maturity dates as the original Series 2012 and Series 2013 revenue bonds. The revenue refunding bonds have an interest rate varying annually from 2.21% and 2.31% interest payable semi-annually on February 1 and August 1, principal payable annually on August 1 of each year and mature no later than December 31, 2033.

Annual debt service requirements to maturity for the partially refunded Series 2012 and Series 2013 revenue bonds and the 2021A and 2021B revenue refunding bonds are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 620,000	\$ 349,775
2023	670,000	304,357
2024	725,000	263,606
2025	730,000	249,845
2026	745,000	236,008
2027 - 2031	7,940,000	850,476
2032 - 2033	3,795,000	109,143
Total	<u>\$ 15,225,000</u>	<u>\$ 2,363,210</u>

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM LIABILITIES – continued

On October 22, 2020, the District issued Series 2020 revenue bonds in the amount of \$38,755,000 to provide funds for the construction of a reverse osmosis wastewater treatment plant to meet the TDS (Totally Dissolved Solids) level mandated by the State of Colorado. The bond principal and interest are payable from the District’s net pledged revenue, which includes all revenue of the water and wastewater system less operation and maintenance expenses. The bonds have an interest rate of four percent, interest payable semi-annually on February 1 and August 1 of each year. Principal is payable annually on August 1, and mature no later than December 31, 2050.

The bonds are subject to redemption prior to maturity at the option of the District and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption dates are August 1 of each year.

Annual debt service requirements to maturity for the Series 2020 revenue bonds are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 1,550,200
2023	-	1,550,200
2024	-	1,550,200
2025	-	1,550,200
2026	-	1,550,200
2027 - 2031	-	7,751,000
2032 - 2036	5,105,000	7,552,200
2037 - 2041	9,965,000	5,963,800
2042 - 2046	12,120,000	3,805,400
2047 - 2050	11,565,000	1,179,200
Total	<u>\$ 38,755,000</u>	<u>\$ 34,002,600</u>

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM LIABILITIES – continued

Changes in long-term liabilities

	Balance at December 31, 2020	Additions	Deductions	Balance at December 31, 2021	Amounts Due Within One Year
Business-Type Activities:					
2006 note payable	\$ 6,010,707	\$ -	\$ 778,868	\$ 5,231,839	\$ 794,982
2006 note issuance discount	(8,546)	-	(1,298)	(7,248)	-
2012 note payable	1,744,460	-	118,757	1,625,703	121,144
Total notes payable	<u>7,746,621</u>	<u>-</u>	<u>896,327</u>	<u>6,850,294</u>	<u>916,126</u>
2012 revenue bonds payable	\$ 7,030,000	\$ -	\$ 6,825,000	\$ 205,000	\$ 205,000
2013 revenue bonds payable	7,645,000	-	6,975,000	670,000	330,000
2020 revenue bonds payable	38,755,000	-	-	38,755,000	-
2021A revenue bonds payable	-	7,050,000	70,000	6,980,000	30,000
2021B revenue bonds payable	-	7,470,000	100,000	7,370,000	55,000
Bond issuance premium - 2020 bonds	5,597,530	-	192,255	5,405,275	-
Bond issuance premium	480,054	-	396,216	83,838	-
Bond issuance discount -2021 A&B bonds	-	(447,794)	-	(447,794)	-
Total revenue bonds payable	<u>59,507,584</u>	<u>14,072,206</u>	<u>14,558,471</u>	<u>59,021,319</u>	<u>620,000</u>
Total - Business-type activities long-term liabilities	<u>\$ 67,254,205</u>	<u>\$ 14,072,206</u>	<u>\$ 15,454,798</u>	<u>\$ 65,871,613</u>	<u>\$ 1,536,126</u>

NOTE 8 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had invested in capital assets, net of related debt as follows:

Net investment in capital assets	
Capital assets, net of depreciation	\$124,812,873
Less: related debt	<u>(65,871,613)</u>
Total net investment in capital assets	<u>\$ 58,941,260</u>

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - NET POSITION - continued

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2021, the District had restricted net position as follows:

Restricted for:	
Capital projects, bond reserve, etc.	\$ 28,614,359
Parks	418,506
Customer deposits	210,002
TABOR	14,233
Total restricted net assets	<u>\$ 29,257,100</u>

NOTE 9 - PENSION

The District provides pension benefits through a 457b retirement plan. All full-time employees participate in the Plan. Employees are vested immediately. The District contributes 8% of an employee's wages to the Plan. The employee can choose to contribute but is not required to do so. Contributions for 2021 totaled \$213,579.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three fiscal years. Further, the District practices water supply planning and short term contracting to ensure adequate supplies for the community.

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (IGA)

The District has entered into several agreements with other governmental entities to provide water and wastewater treatment. These agreements stipulate various means to obtain, trade or provide water and wastewater services. These agreements are a normal part of the operations of the District

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (IGA) – continued

and management believes that these agreements do not constitute significant long-term commitments of the District which would require additional disclosures. Specific information concerning the summaries of certain intergovernmental agreements can be obtained from the District.

Meridian Service Metropolitan District – Arbitration Settlement

On April 26, 2021, an arbitration judge ruled that Meridian Service Metropolitan District (“Meridian”) is responsible for 45.8% of the cost of the reverse osmosis plant that the District is building to lower its TDS level as mandated by the State of Colorado. In addition, Meridian is responsible for 45.8% of the TDS-related costs that the District has occurred since 2015.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation - The District is involved in several pending or threatened lawsuits, the most significant of which are described below. The District and its legal counsel estimate that the potential claims against the District not covered by insurance or accrued for, resulting in such litigation, would not materially affect the financial statements of the District.

Environmental Violations. The District is operating under a Compliance on Consent (CoC) order issued by the Colorado Department of Public Health and Environment (CDPHE) regarding the amount of Total Dissolved Solids (TDS) contained in treated effluent leaving the District’s Water Reclamation Facility (WRF) and being reintroduced into the groundwater in the Upper Black Squirrel Creek Basin. Based on this order Cherokee must comply with the State’s TDS limits no later than January 2023. The Cherokee’s Board of Directors approved a project to comply with the CoC and the Reverse Osmosis plant will be operating by the January 2023 deadline. The estimated cost of the infrastructure and associated construction is approximately \$40 million.

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

In November 1992, the voters of Colorado approved the Taxpayer’s Bill of Rights (TABOR), which added Section 20 to Article X, of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION - continued

Fiscal year spending and revenue limits are determined based on prior year spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance. The District does not receive any mill levy revenue and is therefore not subject to the limitations of TABOR.

SUPPLEMENTAL INFORMATION

CHEROKEE METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
WATER AND WASTEWATER ENTERPRISE FUND
For the Year Ended December 31, 2021

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE				
Water sales	\$ 7,760,000	\$ 7,760,000	\$ 7,713,097	\$ (46,903)
Sewer services	5,420,000	5,215,000	5,214,025	(975)
Water and wastewater tap fees	1,794,000	6,900,000	6,899,413	(587)
Interfund loan revenue	-	-	55,566	55,566
Grant revenue	6,000	27,937	27,937	-
Interest income	40,000	9,614	9,614	-
Miscellaneous income	527,512	686,000	684,073	(1,927)
Total Revenue	<u>15,547,512</u>	<u>20,598,551</u>	<u>20,603,725</u>	<u>5,174</u>
EXPENSES				
Water system				
Purchased water	25,000	25,000	17,499	7,501
Pumping	999,700	999,700	890,623	109,077
Treatment	298,009	298,009	208,022	89,987
Transmission and distribution	1,380,887	1,380,887	1,284,276	96,611
Employee benefits and training	543,765	543,765	532,205	11,560
Total Water system	<u>3,247,361</u>	<u>3,247,361</u>	<u>2,932,625</u>	<u>314,736</u>
Wastewater system				
Treatment	1,300,247	1,300,247	1,175,695	124,552
Collection	817,500	817,500	456,906	360,594
Total Wastewater system	<u>2,117,747</u>	<u>2,117,747</u>	<u>1,632,601</u>	<u>485,146</u>
Support Services				
Engineering and Pretreatment	417,068	417,068	414,385	2,683
Safety and technical services	288,737	288,737	307,127	(18,390)
Employee benefits and training	220,735	220,735	211,335	9,400
	<u>926,540</u>	<u>926,540</u>	<u>932,847</u>	<u>(6,307)</u>
Other				
General and administrative	1,803,719	1,803,719	1,509,736	293,983
Capital expenditures	8,241,088	8,241,088	1,220,799	7,020,289
Debt principal payments	1,397,625	1,397,625	1,567,624	(169,999)
Interest and bond fees	807,797	807,797	685,340	122,457
Total Other	<u>12,250,229</u>	<u>12,250,229</u>	<u>4,983,499</u>	<u>7,266,730</u>
Total Expenses	<u>18,541,877</u>	<u>18,541,877</u>	<u>10,481,572</u>	<u>8,060,305</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENSES	<u>(2,994,365)</u>	<u>2,056,673</u>	<u>10,122,153</u>	<u>8,065,479</u>
OTHER FINANCING SOURCES (USES)				
Restricted Bond proceeds	23,800,000	23,800,000	-	(23,800,000)
Bond proceeds - 2021A & B Issues	-	14,520,000	14,520,000	-
Escrow transfer - to retire existing debt	-	(14,344,804)	(14,344,804)	-
Cost of issuance	-	(175,196)	(175,196)	-
TDS Surcharge	630,000	630,000	686,585	56,585
TDS Capital Contribution - Meridian	1,300,000	1,300,000	826,107	(473,893)
Interest earned on bond proceeds	80,000	80,000	18,225	(61,775)
Interfund Loan to Golf Course Enterprise Fund	-	(162,110)	(158,354)	3,756
Legal - TDS Arbitration	(500,000)	(500,000)	(470,801)	29,199
Arbitration Settlement	-	-	1,108,391	1,108,391
Debt service - 2020 Bond issue	(1,201,405)	(1,201,405)	(1,360,916)	(159,511)
TDS Project	(23,800,000)	(23,800,000)	(23,393,581)	406,419
Total other financing sources	<u>308,595</u>	<u>146,485</u>	<u>(22,744,344)</u>	<u>(22,890,829)</u>
EXCESS OF REVENUE OVER EXPENSES				
	<u>(2,685,770)</u>	<u>2,203,158</u>	<u>(12,622,191)</u>	<u>(14,825,350)</u>
GAAP Adjustments				
Capital expenditures			26,167,551	
Principal payments on bonds			1,567,624	
Escrow transfer/payment of existing debt			14,346,006	
Issuance of new debt			(14,520,000)	
Interfund Loan to Golf Course Enterprise Fund-net of payment			102,787	
Depreciation			<u>(2,596,153)</u>	
Change in net position			<u>\$ 12,445,624</u>	

CHEROKEE METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
GOLF COURSE ENTERPRISE FUND
For the Year Ended December 31, 2021

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE				
Golf revenue	\$ 910,000	\$ 1,162,739	\$ 1,162,739	\$ -
Resale	250,000	328,576	328,576	-
Miscellaneous	-	10,530	10,530	-
Total Revenue	<u>1,160,000</u>	<u>1,501,845</u>	<u>1,501,845</u>	<u>-</u>
EXPENDITURES				
Operating expense	670,668	670,668	689,252	(18,584)
Resale expense	151,500	151,500	200,539	(49,039)
General and administrative	246,202	246,202	244,110	2,092
Debt service - principal	-	55,566	55,566	-
Capital expenditures	86,000	248,110	180,754	67,356
Total Expenses	<u>1,154,370</u>	<u>1,372,046</u>	<u>1,370,221</u>	<u>1,825</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>5,630</u>	<u>\$ 129,799</u>	<u>\$ 131,624</u>	<u>\$ 1,825</u>
OTHER FINANCING SOURCES (USES)				
Interfund Loan proceeds	-	162,110	158,354	(3,756)
Total other financing sources	<u>-</u>	<u>162,110</u>	<u>158,354</u>	<u>(3,756)</u>
NET CHANGE IN FUND BALANCE	<u>5,630</u>	<u>291,909</u>	<u>289,978</u>	<u>(1,931)</u>
GAAP Adjustments				
Capital expenditures			180,754	
Interfund loan from Water and Wastewater Enterprise Fund			(158,354)	
Principal payments on debt			55,566	
Depreciation			<u>(85,983)</u>	
Change in net position			<u>\$ 281,961</u>	

CHEROKEE METROPOLITAN DISTRICT
DEBT SERVICE COVERAGE AND RESERVE REQUIREMENTS
Year Ended December 31, 2021

Revenue	
Water sales	\$ 7,713,097
Sewer charges	5,214,025
Tap fees	6,899,413
TDS Surcharge	686,585
Interest income	9,614
Miscellaneous income	<u>684,073</u>
TOTAL REVENUES	<u>21,206,807</u>
Operating Expenses	9,603,962
Less: depreciation	<u>(2,596,153)</u>
NET EXPENSES	<u>7,007,809</u>
NET REVENUES (PLEDGED PROPERTY)	<u><u>\$ 14,198,998</u></u>
Maximum debt service requirement	<u><u>\$ 3,665,803</u></u>
DEBT SERVICE COVERAGE FACTOR	<u><u>387.34%</u></u>