

**Carriage Hills Metropolitan District
Weld County, Colorado**


**Financial Statements
December 31, 2023**






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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Carriage Hills Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Carriage Hills Metropolitan 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 Carriage Hills Metropolitan District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Carriage Hills Metropolitan 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Carriage Hills Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 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 Carriage Hills Metropolitan 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 Carriage Hills Metropolitan 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

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was made for the purpose of forming opinions on the financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 account 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Haynie & Company

Littleton, Colorado
September 27, 2024

BASIC FINANCIAL STATEMENTS

Carriage Hills Metropolitan District
Governmental Funds Balance Sheet
and Statement of Net Position
December 31, 2023

Assets	General Fund	Special Revenue	Debt Service Fund	Total	Adjustments	Statement of Net Position
Cash and cash equivalents	\$ 71,772	\$ 188,792	\$ -	\$ 260,564	\$ -	\$ 260,564
Restricted cash and cash equivalents	-	-	482,875	482,875	-	482,875
Property taxes receivable	52,546	-	387,158	439,704	-	439,704
Other receivables	85,424	7,040	-	92,464	-	92,464
Due from County Treasurer	159	-	962	1,121	-	1,121
Prepaid expenses	5,865	-	-	5,865	-	5,865
Capital Assets, net	-	-	-	-	244,444	244,444
Total assets	<u>\$ 215,766</u>	<u>\$ 195,832</u>	<u>\$ 870,995</u>	<u>\$ 1,282,593</u>	<u>\$ 244,444</u>	<u>\$ 1,527,037</u>
Liabilities						
Accounts payable	\$ 3,576	\$ 2,753	\$ -	\$ 6,329	\$ -	\$ 6,329
Accrued interest payable	-	-	-	-	604,885	604,885
Other accrued liabilities	-	5,901	-	5,901	-	5,901
Long-term liabilities	-	-	-	-	-	-
Due within one year	-	-	-	-	55,000	55,000
Due after one year	-	-	-	-	7,737,488	7,737,488
Total liabilities	<u>3,576</u>	<u>8,654</u>	<u>-</u>	<u>12,230</u>	<u>8,397,373</u>	<u>8,409,603</u>
Deferred Inflows of Resources						
Deferred property tax revenue	<u>52,546</u>	<u>-</u>	<u>387,158</u>	<u>439,704</u>	<u>-</u>	<u>439,704</u>
Total deferred inflows of resources	<u>52,546</u>	<u>-</u>	<u>387,158</u>	<u>439,704</u>	<u>-</u>	<u>439,704</u>
Fund Balances						
Nonspendable	5,865	-	-	5,865	(5,865)	-
Restricted	1,660	-	483,837	485,497	(485,497)	-
Committed	-	187,178	-	187,178	(187,178)	-
Unassigned	152,119	-	-	152,119	(152,119)	-
Total Fund Balances	<u>159,644</u>	<u>187,178</u>	<u>483,837</u>	<u>830,659</u>	<u>(830,659)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 215,766</u>	<u>\$ 195,832</u>	<u>\$ 870,995</u>	<u>\$ 830,659</u>		
Net Position						
Net investment in capital assets					(155,556)	(155,556)
Restricted for:						
Tabor					1,660	1,660
Unrestricted					(7,168,374)	(7,168,374)
Total Net Position					<u>\$ (7,322,270)</u>	<u>\$ (7,322,270)</u>

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

Carriage Hills Metropolitan District
Governmental Funds Revenues, Expenditures
and Changes in Fund Balances/ Statement of Activities
For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenues</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues						
Property Taxes	\$ 52,015	\$ -	\$ 315,277	\$ 367,292	\$ -	\$ 367,292
Specific Ownership Taxes	2,213	-	13,412	15,625	-	15,625
Interest Income	4,743	7,962	29,093	41,798	-	41,798
Other	1,986	135	-	2,121	-	2,121
Transfers In	3,115	-	-	3,115	-	3,115
Total Revenues	<u>64,072</u>	<u>8,097</u>	<u>357,782</u>	<u>429,951</u>	<u>-</u>	<u>429,951</u>
Expenditures						
Operating						
Administration	24,116	30,536	4,731	59,383	-	59,383
Legal	20,502	-	2,000	22,502	-	22,502
Landscaping and maintenance	-	68,602	-	68,602	-	68,602
Utilities	-	9,107	-	9,107	-	9,107
Depreciation	-	-	-	-	26,667	26,667
Engineering	10,705	4,329	-	15,034	-	15,034
Debt Service						
Paying Agent	-	-	6,000	6,000	-	6,000
Interest	-	-	324,208	324,208	131,029	455,237
Transfers Out	-	3,115	-	3,115	-	3,115
Total Expenditures	<u>55,323</u>	<u>115,689</u>	<u>336,939</u>	<u>507,951</u>	<u>157,696</u>	<u>665,647</u>
Charges for services						
Operation and capital facilities	-	89,355	-	89,355	-	89,355
Total Charges for Services	<u>-</u>	<u>89,355</u>	<u>-</u>	<u>89,355</u>	<u>-</u>	<u>89,355</u>
Excess of revenues over (under) expenditures	8,749	(18,237)	20,843	11,355	(157,696)	(146,341)
Net change in fund balances	8,749	(18,237)	20,843	11,355	(157,696)	(146,341)
Fund balances:						
Beginning of the year	<u>150,895</u>	<u>205,415</u>	<u>462,994</u>	<u>819,304</u>	<u>(7,995,233)</u>	<u>(7,175,929)</u>
End of the year	<u>\$ 159,644</u>	<u>\$ 187,178</u>	<u>\$ 483,837</u>	<u>\$ 830,659</u>	<u>\$ (8,152,929)</u>	<u>\$ (7,322,270)</u>

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

Carriage Hills Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property Taxes	\$ 52,031	\$ 52,031	\$ 52,015	\$ (16)
Specific Ownership Taxes	3,122	3,122	2,213	(909)
Interest Income	-	-	4,743	4,743
Other	22,500	22,500	1,986	(20,514)
Total Revenues	<u>77,653</u>	<u>77,653</u>	<u>60,957</u>	<u>(16,696)</u>
Expenditures				
Management & Accounting Services	14,772	14,772	15,727	(955)
Legal	20,000	20,000	20,502	(502)
Design Review Fees	-	-	150	-
Election Costs	5,000	5,000	816	4,184
Insurance	4,585	4,585	5,256	(671)
Engineers	5,000	5,000	10,705	(5,705)
Treasurer's Fees	780	780	781	(1)
Office	150	150	92	58
SDA Dues	336	336	311	25
Contingency	5,000	5,000	983	4,017
Transfer Out - to Special Fund	5,852	5,852	-	5,852
Miscellaneous	-	7,382	-	7,382
Total Expenditures	<u>61,475</u>	<u>68,857</u>	<u>55,323</u>	<u>13,684</u>
Excess Revenue Over (Under)				
Expenditures	<u>16,178</u>	<u>8,796</u>	<u>5,634</u>	<u>(3,162)</u>
Other financing sources (uses)				
Transfer from other funds	-	-	3,115	3,115
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,115</u>	<u>3,115</u>
Net change in fund balances	16,178	8,796	8,749	(47)
Fund Balances—Beginning of year	<u>150,895</u>	<u>150,895</u>	<u>150,895</u>	<u>-</u>
Fund Balances—End of Year	<u>\$ 167,073</u>	<u>\$ 159,691</u>	<u>\$ 159,644</u>	<u>\$ (47)</u>

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

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

1. Definition of Reporting Entity

Carriage Hills Metropolitan District (the District), was organized in April 2006, under the State of Colorado statutory authority, as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 31, Article I, Colorado Revised Statutes) for the overall purpose of the development of the Carriage Hills planned unit development.

The District's service area, which consists of approximately 100 acres of land, is located in the Town of Frederick, Colorado. Under the Service Plan, the District was formed to provide for the planning, design, financing, acquisition, construction, and installation of public improvements as defined in the Service Plan.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by the Governmental Accounting Standards Board ("GASB"), Statement No. 14, *The Reporting Entity*, and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

All operations and administrative functions are contracted.

2. Summary of Significant Accounting Policies

The accounting policies of the Carriage Hills Metropolitan District (the "District") conform to the accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

The accompanying financial statements are presented in accordance with GASB Statement No. 34, *Special Purpose Governments*.

Government-wide Statements

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities report information on all of the governmental activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program or general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Revenues and expenditures are recorded on the accrual basis of accounting.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period, or soon thereafter, to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Governmental Funds

For 2023, the district has four Governmental funds:

- *General Fund* – The General Fund is the general operating fund of the District. It is used to account for all of the financial resources not accounted for and reported in another fund.
- *Special Revenue Fund* – the Special Revenue Fund is used to account for assessment and collection of a \$105 per quarter operational and facility fee, and subsequent payment of expenditures pertaining to the operation, and maintenance of the District’s common area.
- *Debt Service Fund* – The Debt Service Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and other debt-related costs.
- *Capital Projects Fund* – The Capital Projects Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition of capital facilities, and other assets.

Deposits

District management considers cash and cash equivalents to include cash on hand, demand deposits, and money market accounts. Investments, as applicable, of the District are reported at fair value.

District management may at times follow the practice of pooling cash, and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited to, and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit, and investment flexibility. As applicable, investment earnings are allocated periodically to participating funds based upon each fund’s average equity balance in total cash.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Capital Assets

The district's capital assets, as applicable, are recorded at cost, if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District has a capitalization policy of \$5,000. The District's Board of Directors has the option to capitalize certain items costing less than \$5,000 in certain circumstances.

The cost of normal maintenance, and repairs, as incurred, that do not add value to, or materially extend the life of, the related capital asset, are charged to expense as incurred.

Depreciation is provided under the straight-line method, with an estimated service life of 15 years.

Fair Value of Financial Instruments

The District's financial instruments include, as applicable, cash and cash equivalents, various receivables, and accounts payable. The District estimates that the fair value of these financial instruments, as of December 31, 2023, does not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short of maturity of these financial instruments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates which affect the reported amounts of assets, and liabilities as of the date of the financial statements, and the reported amounts of revenue, and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past events, and assumptions about future events. Actual results could differ from those estimates.

Property Tax

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

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year that they are levied, and measurable since they normally are not available nor are they budgeted as a resource until the subsequent year. Property taxes are recorded as revenue in the subsequent year when they are available or collected.

Under the Service Plan, the maximum Mill Levy for the District shall be 50 mills, subject to statutory adjustment.

Adoption of New Accounting Policies

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements or “SBITAs”, in fiscal year 2023. This Statement was issued in May 2020 and increases the usefulness of government financial statements by requiring recognition of certain subscription-based IT assets and liabilities for subscriptions that previously were classified as expenses and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for the District as of January 1, 2023. There was no impact to the District as a result of implementing this statement.

The GASB issued Statement 100, Accounting Changes and Error Corrections in June 2022. The Statement provides guidance for changes in the financial reporting entity, accounting principles, and estimates used to prepare financial information. The new standard also prescribes the treatment for the correction of errors in previously issued financial statements. Although the Statement is effective for fiscal years beginning after June 15, 2023, the District elected early adoption as of January 1, 2023.

3. Budget Information

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with State Budget Law, the District’s Board of Directors holds a public hearing in the fall of each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditure level and lapses at year-end. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of a budget amendment approved following a public hearing on the same. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year-end.

**Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023**

4. Cash and Investments

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. 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 102% of the aggregate uninsured public deposits.

As of December 31, 2023, all of the district's deposits were either insured by the FDIC or held in eligible depositories.

Statement of net position:

Cash and investments - unrestricted	\$ 260,564
Cash and investments - restricted	<u>482,875</u>
	<u>\$ 743,439</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 500,569
Investment in local government investment pool	<u>242,870</u>
	<u>\$ 743,439</u>

At December 31, 2023, the District had \$242,870 invested in the Colorado Local Government Liquid Trust (“ColoTrust”), 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. The trust offers shares in three portfolios, COLORTUST PRIME, COLOTRUST EDGE, and COLOTRUST PLUS+. All three portfolios may invest in U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest-rated commercial paper, and repurchase agreements collateralized by certain obligations of the U.S government agencies. The District’s investments are in the COLOTRUST PLUS+ portfolio. COLOTRUST is rated AAAM by Standard & Poor’s. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period.

Restricted Cash and Cash Equivalents

The District’s restricted cash and cash equivalents pertain to the amount of cash and cash equivalents equal to the cash held within the Debt Service Fund.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Debt

Limited Tax General Obligation Bonds, Series 2018A

In May 2018, the District issued Limited Tax General Obligation Bonds, Series 2018A (“Series 2018A Bonds”) in the amount of \$4,960,000 for purpose of (a) to pay the costs to acquire the Public Improvements and other improvements, including reimbursing the Developers under various developer reimbursement agreements, further discussed in Note 6, (b) fund a debt service reserve fund, (c) pay capitalized interest, and (d) pay the costs of issuance of the Series 2018A Bonds.

The District shall not issue, incur, or otherwise enter into any Additional Obligations having a lien upon the Pledged Revenue, as defined in the Indenture of Trust; or any part thereof that is superior to the lien of the Series 2018A bonds.

The Series 2018A Bonds shall bear interest at the rate of 5.5% per annum, calculated on the basis of a 360-day year of 12 30-day months, payable to the extent of the Pledged Revenue, as defined in the Indenture of Trust, semi-annually on each June 1 and December 1. For the year ended December 31, 2023, interest was paid in the amount of \$253,856. As of December 31, 2023, there was unpaid accrued interest payable of \$22,422.

The series 2018A Bonds shall require principal payments commencing on December 1, 2024 with final maturity on December 1, 2047.

Under the terms of the Indenture of Trust, the District is to transfer the Pledged Revenue as defined in the Indenture of Trust, to the Trustee as soon as may be practicable after receipt thereof.

On each November 1, the Trustee shall determine the amount credited to the Bond Fund and, to the extent the amount therein is in excess of the amount required to pay interest on the Series 2018A bonds, the Trustee shall give notice of any redemption.

Optional Redemption

The Series 2018A Bonds shall be subject to optional redemption to the extent Pledged Revenue is available beginning after December 1, 2023. The Optional redemption price shall be equal to the principal, accrued interest, and a redemption premium. The redemption premium shall be as follows:

Date of Redemption	Redemption Premium
December 2023 to November 30, 2024	3.00%
December 2024 to November 30, 2025	2.00%
December 2025 to November 30, 2026	1.00%
December 2026 and thereafter	0.00%

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Debt (continued)

Annual Audit

Under the terms of the Indenture of Trust, the District shall provide an audit of the District’s annual financial statements no later than September 30 of the calendar year after the calendar year-end.

Subordinate Limited Tax General Obligation Bonds, Series 2018B

In May 2018, the District issued the Subordinate Limited Tax General Obligation Bonds, Series 2018B (“Series 2018B Bonds”) in an amount not to exceed \$2,655,000 for purpose of paying the costs to acquire the Public Improvements and other improvements, including reimbursing the Developers under various developer reimbursement agreements, further discussed in Note 6.

The Series 2018B bonds shall bear interest at the rate of 7.5% per annum, calculated on the basis of a 365-day year, payable to the extent of Subordinate Pledged Revenue, as defined in the Indenture of Trust, annually on December 15. For the year ended December 31, 2023, interest was paid in the amount of \$51,508. As of December 31, 2023, there was unpaid accrued interest payable of \$582,461.

The Series 2018B bonds have a final maturity on December 15, 2047.

Optional Redemption

The Series 2018B Bonds shall be subject to optional redemption to the extent Subordinate Pledged Revenue is available beginning after December 15, 2027. The optional redemption price shall be equal to the principal and accrued interest without a redemption premium.

Changes in the District’s Long-Term Debt

The changes in the District’s long-term debt for the year ended December 31, 2023 are as follows:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
General Obligation Bonds					
Series 2018A Bonds	\$ 4,960,000	\$ -	\$ -	\$ 4,960,000	\$ 55,000
Series 2018B Bonds	2,432,488	-	-	2,432,488	-
	<u>\$ 7,392,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,392,488</u>	<u>\$ -</u>
Developer Advances					
	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ -
	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ -</u>

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Debt (continued)

Future Maturities

The future minimum principal payments for the Series 2018A Bonds, and the anticipated maturity amount of the Series 2018B Bonds as of December 2022, are as follows:

Year Ending	Series 2018A Bonds	Series 2018B Bonds	Total
2024	\$ 55,000	\$ -	\$ 55,000
2025	60,000	-	60,000
2026	75,000	-	75,000
2027	80,000	-	80,000
2028-2032	560,000	-	560,000
2033-2037	885,000	-	885,000
2038-2042	1,335,000	-	1,335,000
2043-2047	1,910,000	2,432,488	4,342,488
Total	<u>4,960,000</u>	<u>2,432,488</u>	<u>7,392,488</u>

Due to the “cash flow” structure of the Series 2018B Bonds, the future minimum required payments cannot be projected. As such, the entire outstanding balance is reflected in the year of maturity.

Authorized, but Unissued Debt

As of December 31, 2023, the amount of voter authorized, but unissued debt for the Carriage Hills Metropolitan District was \$23,550,000. However, the District’s Service plan currently limits the total debt issuance to \$7,800,000. As such, the District has \$408,000 authorized, but unissued debt.

Dependence upon Timely Payment of Property Taxes

Delinquency in the payment of property taxes by the owners of taxable property in the District may impair the repayment of the Series 2018A Bonds and Series 2018B Bonds in a timely manner. Generally, property tax does not constitute a personal obligation on the property owner, but rather constitutes a lien against the taxed property until paid. The County Treasurer can enforce the payment of delinquent property taxes through the power of foreclosure and subsequent sale in the manner provided by applicable law. The ability of the District to enforce and collect the necessary property taxes is dependent upon the taxed property to have sufficient market value to support the property taxes that are imposed against it.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

6. Commitments

Advance and Reimbursement Agreement – Carriage Hills Development, Inc.

In June 2006, the district entered into an Advanced Reimbursement Agreement (“ARA”) with Carriage Hills Development, Inc. (“Carriage Hills”) under which Carriage Hills agreed to advance funds for the construction, maintenance, and operating costs, as defined in the ARA, consistent with the public objects and purpose of the District.

The District shall reimburse the Developer for any advances together with interest at the rate of 7% per annum. There were no advanced reimbursements outstanding to Carriage Hills under the ARA as of December 31, 2023.

Infrastructure Acquisition Agreement – Babcock Land Corp

In May 2013, the District entered into an Infrastructure Acquisition Agreement with Babcock Land Corp. (“Babcock”) under which the district agreed to acquire various improvements from Babcock at a reasonable cost. The Purchase Price for all or any of the completed improvements or improvements for which work is in process, shall be equal to the District Costs. The District Costs shall be the amount so certified in the Cost Certification as defined in the Infrastructure Acquisition Agreement.

Infrastructure Acquisition and Reimbursement Agreement – Babcock Land Corp

In May 2014, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (“IARA”) with Babcock pursuant to which the District agreed to reimburse Babcock up to \$400,000 for “District Eligible Costs”, if certain agreed upon conditions exist and solely from that source of revenue identified in Paragraph 6 of the IARA

Repayment obligations incurred under the IARA shall not bear interest, and the amount due and owing shall be due to the extent funds are available. In 2018, the district acquired improvements in the amount of \$400,000; however, the conditions precedent to establishing the repayment had not been met as of December 31, 2023.

In July 2019, Babcock filed a Complaint and Demand for a Jury Trial, against the District, Carriage Hills and members of the District’s Board of Directors, individually; alleging breach of the District’s obligation to Babcock under the IARA. The district filed a motion to dismiss the Complaint and Demand for a Jury Trial which was granted in 2021. Subsequently, Babcock filed an appeal to the dismissal with the Colorado Court of Appeals. In April 2023, the Colorado Court of Appeals affirmed the dismissal.

In 2023, the District and Babcock have entered into negotiations related to a possible settlement. The amount has yet to be determined.

**Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023**

7. Capital Assets

Changes in the District’s capital assets for the year ended December 31, 2023 are as follows:

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Landscaping	\$ 400,000	\$ -	\$ -	\$ 400,000
Accumulated Depreciation	(128,889)	(26,667)	-	(155,556)
Net Capital Assets	<u>\$ 271,111</u>	<u>\$ (26,667)</u>	<u>\$ -</u>	<u>\$ 244,444</u>
				<u>(400,000)</u>
				<u>\$ (155,556)</u>

8. Fund Balance/Net Position

Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances, as applicable are categorized as non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable – represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact;

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation;

Committed – represents amounts that may only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose, unless the District’s Board of Directors remove or change the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance;

Assigned – represents amounts that the District intends to use for specific purposes, as expressed by the District’s Board of Directors or a District official delegated the authority to assign such amounts;

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

8. Fund Balance/Net Position (continued)

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted, and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2023, the District's Fund balance consisted of the following:

Fund Balances	Special		Debt Service		Total
	General Fund	Revenue Fund	Fund		
Nonspendable	\$ 5,865	\$ -	\$ -	\$ -	\$ 5,865
Restricted	1,660	-	483,837	-	485,497
Committed	-	187,178	-	-	187,178
Unassigned	152,119	-	-	-	152,119
Total Fund					
Balances (deficit)	<u>\$ 159,644</u>	<u>\$ 187,178</u>	<u>\$ 483,837</u>	<u>\$ -</u>	<u>\$ 830,659</u>

Net Position

The district's net position represents the difference between the District's assets, liabilities, and deferred inflow of resources. The District may report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets;

Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets;

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

9. Related Parties

Cost Sharing Agreement – Marketplace Metropolitan District

Carriage Hills is also the Developer of Marketplace Metropolitan District (“Marketplace”). In 2012, the District and Marketplace entered into the Cost Sharing Agreement (the “Agreement”).

Under the Agreement, the District acknowledged that it benefits directly from public improvements provided by and operating costs borne by Marketplace. The District agreed to provide limited reimbursement to Marketplace for costs borne by Marketplace associated with the operation of the public improvements. The potential reimbursement is the amount generated by the District’s property tax mill levy which exceeds the District’s budgeted operating expenses. The Reimbursement amount is at the discretion of the District’s Board of Directors.

Since the inception of the Agreement, the District has transferred funds and Marketplace, based upon availability of funds, has repaid the District from time to time.

In 2022, the Board of Directors of Marketplace questioned the District’s accounting for the transfers to Marketplace as advances and contends that the transfers should have been reflected as a contribution to Marketplace with no repayment necessary. The Board of Directors’ of the respective districts together with legal counsel have reviewed the Agreement and as of December 31, 2023, remain in discussion over the agreement.

As of December 31, 2023, the district reflects a balance due from Marketplace of \$85,199.

10. Risk Management

The District is exposed to various risks of loss related to torts, errors or omissions, and natural disasters, as well as theft of, damage to, or destruction of, property.

The district is a member of the Colorado Special Districts Property and Liability Pool (“Pool”) as of December 31, 2023. The Pool is an organization created by intergovernmental agreements to provide property, liability, public officials’ liability, boiler, and over coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials’ liability, and workers’ compensation 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 that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

11. Tax, Spending, and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based upon the prior year's fiscal year spending, adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increase, with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded, unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

12. Management's Evaluation of Subsequent Events

The preparation of the District's financial statements and accompanying footnotes in conformity with United States Generally Accepted Accounting Principles requires District management to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated subsequent transactions and events of the District through September 27, 2024, which is the date that the financial statements and accompanying notes were available for issuance.

**Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023**

13. Reconciliation of Government-Wide and Governmental Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position, and Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Statement of Activities includes an adjustments column, which reconciles the differences between government-wide, and governmental fund financial statements, as follows:

Governmental Funds Balance Sheet/Statement of Net Position

Long-term Debt, including accrued interest payable, is not due and payable in the current period and therefore is not reported in the governmental funds,

Long-term debt	\$ 7,392,488
Accrued interest payable	604,885

Capital assets, net of accumulated depreciation, reflected in the Statement of Net Position are not financial resources in the governmental funds and are accordingly not reported in the governmental funds.

244,444

Statement of Governmental Funds Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities.

Depreciation of capital assets is reflected in the Statement of Activities;

\$ 26,667

Interest expense is recorded in the statement of Activities when incurred. Interest is only recorded, as paid, in the Debt Service Fund

131,029

**Carriage Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023**

14. Correction of an Error in Previously Issued Financial Statements

The District has restated the prior year financial statement to correctly record a Developer Advance. During 2023, the District determined that Developer Advances were incorrectly recorded as a current liability in the Capital Projects fund. This restatement impacts accounts payable and fund balance on the Governmental Funds Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. It also affects accounts payable, long-term liabilities due within one year, and net position on the Statement of Net Position, and the Statement of Activities. The restatement is summarized as follows:

	12/31/2022 as Previously Reported	Error Correction	12/31/2022 as Restated
Government-Wide			
Governmental Activities			
Accounts payable	\$ 400,000	\$ (400,000)	\$ -
Long-term Liabilities	<u>7,392,488</u>	<u>400,000</u>	<u>7,792,488</u>
Total Primary Government	<u>\$ 7,792,488</u>	<u>\$ -</u>	<u>\$ 7,792,488</u>
 Governmental Funds			
Accounts Payable	\$ 400,000	\$ (400,000)	\$ -
Fund Balance	<u>419,304</u>	<u>400,000</u>	<u>819,304</u>
Total Governmental Funds	<u>\$ 819,304</u>	<u>\$ -</u>	<u>\$ 819,304</u>

Supplementary Information

Carriage Hills Metropolitan District
Schedule of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Special Revenue Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
District operating fees	\$ 89,460	\$ 89,460	\$ 89,355	\$ (105)
Late fees	-	-	135	135
Interest charges	-	-	354	354
Interest income	-	-	7,608	7,608
Total Revenues	<u>89,460</u>	<u>89,460</u>	<u>97,452</u>	<u>7,992</u>
Expenditures				
Management & Accounting Services	29,088	29,088	29,193	(105)
Legal	2,500	2,500	-	2,500
Engineers	-	-	4,329	(4,329)
Office	1,050	1,050	1,343	(293)
Utilities	9,250	9,250	9,107	143
Landscaping	53,424	53,424	68,602	(15,178)
Miscellaneous	-	30,543	-	30,543
Total Expenditures	<u>95,312</u>	<u>125,855</u>	<u>112,574</u>	<u>13,281</u>
Excess Revenue Over (Under)				
Expenditures	<u>(5,852)</u>	<u>(36,395)</u>	<u>(15,122)</u>	<u>21,273</u>
Other financing sources (uses)				
Transfer from other funds	5,852	5,852	-	(5,852)
Transfer to other funds	-	-	(3,115)	(3,115)
Total other financing sources (uses)	<u>5,852</u>	<u>5,852</u>	<u>(3,115)</u>	<u>(8,967)</u>
Net change in fund balances	-	(30,543)	(18,237)	12,306
Fund Balances—Beginning of year	<u>205,415</u>	<u>205,415</u>	<u>205,415</u>	<u>-</u>
Fund Balances—End of Year	<u>\$ 205,415</u>	<u>\$ 174,872</u>	<u>\$ 187,178</u>	<u>\$ 12,306</u>

Carriage Hills Metropolitan District
Schedule of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property tax	\$ 295,457	\$ 295,457	\$ 295,368	\$ (89)
Property tax - contractual	19,915	19,915	19,909	(6)
Specific ownership tax	17,727	17,727	12,565	(5,162)
Specific ownership tax - contractual	1,195	1,195	847	(348)
Interest income	-	-	28,873	28,873
Tax related interest	-	-	220	220
Total Revenues	<u>334,294</u>	<u>334,294</u>	<u>357,782</u>	<u>23,488</u>
Expenditures				
Legal	-	-	2,000	(2,000)
Treasurer fees	4,432	4,432	4,432	-
Treasurer fees - contractual	299	299	299	-
Paying agent fees	6,000	6,000	6,000	-
Tax payment - contractual	20,811	20,811	-	20,811
Interest - 2018 Bonds	325,371	325,371	324,208	1,163
Miscellaneous	-	4,055	-	4,055
Total Expenditures	<u>356,913</u>	<u>360,968</u>	<u>336,939</u>	<u>24,029</u>
Excess Revenue Over (Under) Expenditures	<u>(22,619)</u>	<u>(26,674)</u>	<u>20,843</u>	<u>47,517</u>
Other financing sources (uses)				
Developer advance	-	-	-	-
Capital Projects	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(22,619)	(26,674)	20,843	47,517
Fund Balances—Beginning of year	<u>462,994</u>	<u>462,994</u>	<u>462,994</u>	<u>-</u>
Fund Balances—End of Year	<u>\$ 440,375</u>	<u>\$ 436,320</u>	<u>\$ 483,837</u>	<u>\$ 47,517</u>