

**CHEROKEE METROPOLITAN DISTRICT  
EL PASO COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**CHEROKEE METROPOLITAN DISTRICT  
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## **INDEPENDENT AUDITORS' REPORT**

The 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, 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, the business-type activities and each major fund of the District as of December 31, 2023, 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 iv through vii 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 30 through 32 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*

March 31, 2025

**CHEROKEE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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 \$208,203,094 as of December 31, 2023.
- Cash, Cash Equivalents, and Investments as of December 31, 2023, were \$56,786,458.
- Total Liabilities, as of December 31, 2023, equaled \$66,370,160.
- Net Position, as of December 31, 2023, totaled \$141,832,934.
- Governmental change in Net Position from 2022 to 2023 totaled \$86,588.
- Business-type change in Net Position from 2022 to 2023 totaled \$9,588,676.

**Overview of the 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 on 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.

**CHEROKEE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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 AND RESULTS FROM OPERATIONS**

**NET POSITION:**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSET</b>						
Other	\$ 579,211	\$ 59,394,889	\$ 59,974,100	\$ 382,092	\$ 55,728,953	\$ 56,111,045
Capital	531,492	147,697,502	148,228,994	613,310	143,994,545	144,607,855
Total assets	<u>\$ 1,110,703</u>	<u>\$ 207,092,391</u>	<u>\$ 208,203,094</u>	<u>\$ 995,402</u>	<u>\$ 199,723,498</u>	<u>\$ 200,718,900</u>
<b>LIABILITIES</b>						
Current	\$ 33,465	\$ 5,732,705	\$ 5,766,170	\$ 4,752	\$ 6,054,265	\$ 6,059,017
Long-term	-	60,603,990	60,603,990	-	62,502,213	62,502,213
Total liabilities	<u>\$ 33,465</u>	<u>\$ 66,336,695</u>	<u>\$ 66,370,160</u>	<u>\$ 4,752</u>	<u>\$ 68,556,478</u>	<u>\$ 68,561,230</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 531,492	\$ 85,409,866	\$ 85,941,358	\$ 613,310	\$ 79,882,285	\$ 80,495,595
Restricted position	407,697	11,964,185	12,371,882	514,019	12,028,745	12,542,764
Unrestricted position	138,049	43,381,645	43,519,694	(136,679)	39,255,990	39,119,311
Total net position	<u>\$ 1,077,238</u>	<u>\$ 140,755,696</u>	<u>\$ 141,832,934</u>	<u>\$ 990,650</u>	<u>\$ 131,167,020</u>	<u>\$ 132,157,670</u>

**CHEROKEE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**Condensed Statements of Activities for the years ended December 31, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Charges for service	\$ 347,972	\$ 17,959,746	\$ 18,307,718	\$ 330,927	\$ 15,791,383	\$ 16,122,310
Operating grants and contributions	172,191	-	172,191	155,141	-	155,141
Capital grants and contributions	-	3,394,606	3,394,606	-	10,266,647	10,266,647
Investment earnings	18,684	2,210,961	2,229,645	7,800	661,997	669,797
Other revenues	-	2,124,746	2,124,746	-	1,628,287	1,628,287
<b>Total revenues</b>	<b>\$ 538,847</b>	<b>\$ 25,690,059</b>	<b>\$ 26,228,906</b>	<b>\$ 493,868</b>	<b>\$ 28,348,314</b>	<b>\$ 28,842,182</b>
<b>FUNCTIONAL</b>						
Street lights	\$ 133,583	\$ -	\$ 133,583	\$ 132,421	\$ -	\$ 132,421
Parks	318,676	-	318,676	370,958	-	370,958
Water and wastewater	-	14,593,823	14,593,823	-	10,899,322	10,899,322
Golf Course	-	1,507,560	1,507,560	-	1,384,255	1,384,255
<b>Total expenditures</b>	<b>\$ 452,259</b>	<b>\$ 16,101,383</b>	<b>\$ 16,553,642</b>	<b>\$ 503,379</b>	<b>\$ 12,283,577</b>	<b>\$ 12,786,956</b>
Change in net position	86,588	9,588,676	9,675,264	(9,511)	16,064,737	16,055,226
Net position beginning of year	990,650	131,167,020	132,157,670	1,000,161	115,102,283	116,102,444
Net position end of year	<b>\$ 1,077,238</b>	<b>\$ 140,755,696</b>	<b>\$ 141,832,934</b>	<b>\$ 990,650</b>	<b>\$ 131,167,020</b>	<b>\$ 132,157,670</b>

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 improved during 2023, due to continued monitoring of operating expenditures and increasing revenue due to growth and increased player activity and rise in fees 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 continued in 2023. This project alone accounted for almost \$1,249,830 of the District's total Enterprise Funds' Capital of \$7,326,629 added in 2023. The TDS Reduction asset was placed into service in the fourth quarter. 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.

**CHEROKEE METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**CAPITAL ASSETS:**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Water and Wastewater Fund and Golf course	\$ -	\$ 191,199,210	\$ 191,199,210	\$ -	\$ 183,888,994	\$ 183,888,994
Street light and park improvements	1,362,571	-	1,362,571	1,349,301	-	1,349,301
Accumulated depreciation	(831,079)	(42,936,708)	(43,767,787)	(735,991)	(39,329,449)	(40,065,440)
Impairment	-	(565,000)	(565,000)	-	(565,000)	(565,000)
Total capital assets, net	<u>\$ 531,492</u>	<u>\$ 147,697,502</u>	<u>\$ 148,228,994</u>	<u>\$ 613,310</u>	<u>\$ 143,994,545</u>	<u>\$ 144,607,855</u>

The District's long-term liabilities decreased during 2023 by nearly \$3,519,715 in the Water and Wastewater Enterprise fund primarily due to the District making principal payments on bonds and loans.

**LONG-TERM DEBT:**

**LONG-TERM DEBT:**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds payable	\$ -	\$ 57,290,915	\$ 57,290,915	\$ -	\$ 58,176,794	\$ 58,176,794
Notes payable	-	4,996,721	4,996,721	-	5,935,466	5,935,466
Total debt	<u>\$ -</u>	<u>\$ 62,287,636</u>	<u>\$ 62,287,636</u>	<u>\$ -</u>	<u>\$ 64,112,260</u>	<u>\$ 64,112,260</u>

**FUTURE TRENDS AND ECONOMIC FACTORS**

Cherokee Metropolitan District's financial position continued at a steady pace in 2023. Residential building and construction on new apartment complexes and other multi-family dwellings continued.

The District continued construction of a Reverse Osmosis Plant in 2023. Construction was completed in the fourth quarter of 2023. Water return flow quality limits imposed by the State of Colorado made it necessary for the District to construct this multi-million dollar facility to remedy the situation. The District issued bonds in 2020 to fund the construction of the Plant that will enable the District to meet the State-mandated order. In addition, the District continues to look to purchase new and renewable water resources. This will help secure resources necessary for future growth and to improve return flow qualities.

**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 requests for additional information should be addressed to Kevin Brown, General Manager, at (719) 322-4339.

## **BASIC FINANCIAL STATEMENTS**

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 44,701,198	\$ 44,701,198
Restricted Cash and Cash Equivalents	391,397	11,693,863	12,085,260
Accounts Receivable	-	2,583,762	2,583,762
Interest Receivable	-	110,207	110,207
Prepaid Expense	-	267,727	267,727
Inventory	-	36,153	36,153
Due From Other Funds	184,499	1,979	186,478
Prepaid Insurance	3,315	-	3,315
Capital Assets:			
Capital Assets Not Being Depreciated	-	50,184,652	50,184,652
Capital Assets Net of Depreciation	531,492	97,512,850	98,044,342
Total Assets	<u>1,110,703</u>	<u>207,092,391</u>	<u>208,203,094</u>
<b>LIABILITIES</b>			
Accounts Payable	3,529	1,894,281	1,897,810
Accrued Wages	-	204,448	204,448
Accrued Interest - Bonds	-	806,536	806,536
Due To Other Funds	29,936	156,542	186,478
Retainage Payable	-	109,609	109,609
Unearned Revenue	-	604,406	604,406
Customer Deposits	-	273,237	273,237
Noncurrent Liabilities:			
Due Within One Year	-	1,683,646	1,683,646
Due in More Than One Year	-	60,603,990	60,603,990
Total Liabilities	<u>33,465</u>	<u>66,336,695</u>	<u>66,370,160</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	531,492	85,409,866	85,941,358
Restricted	407,697	11,964,185	12,371,882
Unrestricted	138,049	43,381,645	43,519,694
Total Net Position	<u>\$ 1,077,238</u>	<u>\$ 140,755,696</u>	<u>\$ 141,832,934</u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Primary Government:							
Governmental Activities:							
Lighting	\$ 133,583	\$ 151,346	\$ -	\$ -	\$ 17,763	\$ -	\$ 17,763
Parks	318,676	196,626	172,191	-	50,141	-	50,141
Total Governmental Activities	<u>\$ 452,259</u>	<u>\$ 347,972</u>	<u>\$ 172,191</u>	<u>\$ -</u>	<u>67,904</u>	<u>-</u>	<u>67,904</u>
Business-Type Activities:							
Water and Wastewater Fund	\$ 14,593,823	\$ 16,232,188	\$ -	\$ 3,394,606	5,032,971	5,032,971	5,032,971
Golf Course Fund	1,507,560	1,727,558	-	-	219,998	219,998	219,998
Total Business-Type Activities	<u>\$ 16,101,383</u>	<u>\$ 17,959,746</u>	<u>\$ -</u>	<u>\$ 3,394,606</u>	<u>-</u>	<u>5,252,969</u>	<u>5,252,969</u>
<b>GENERAL REVENUES</b>							
Investment Earnings					18,684	2,210,961	2,229,645
Debt Service Contribution - Meridian					-	703,240	703,240
Other Revenue					-	1,421,506	1,421,506
Total General Revenues and Transfers					<u>18,684</u>	<u>4,335,707</u>	<u>4,354,391</u>
<b>CHANGES IN NET POSITION</b>							
					86,588	9,588,676	9,675,264
Net Position - Beginning of Year					990,650	131,167,020	132,157,670
<b>NET POSITION - END OF YEAR</b>					<u>\$ 1,077,238</u>	<u>\$ 140,755,696</u>	<u>\$ 141,832,934</u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
BALANCE SHEET GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General Fund	Parks Fund	Total Governmental Funds
<b>ASSETS</b>			
Restricted Cash and Cash Equivalents	\$ -	\$ 391,397	\$ 391,397
Due From Other Funds	184,499	-	184,499
Prepaid Insurance	-	3,315	3,315
	-	3,315	3,315
Total Assets	\$ 184,499	\$ 394,712	\$ 579,211
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,569	\$ 960	\$ 3,529
Due From Other Funds	-	29,936	29,936
Total Liabilities	2,569	30,896	33,465
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Expense	-	3,315	3,315
Restricted for:			
Emergency Reserves	4,600	11,700	16,300
Committed:			
Operations	-	391,397	391,397
Unassigned	177,330	(42,596)	134,734
Total Fund Balances	181,930	363,816	545,746
Total Liabilities and Fund Balances	\$ 184,499	\$ 394,712	\$ 579,211

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

Total Fund Balance, Governmental Funds	\$ 545,746
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, net	531,492
Net Position of Governmental Activities	\$ 1,077,238

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General Fund	Parks Fund	Total Governmental Funds
<b>REVENUES</b>			
Fees	\$ 151,346	\$ 196,626	\$ 347,972
Conservation Trust Funds	-	172,191	172,191
Interest And Miscellaneous Income	-	18,684	18,684
Total Revenues	<u>151,346</u>	<u>387,501</u>	<u>538,847</u>
<b>EXPENDITURES</b>			
Lighting	133,583	-	133,583
Parks, Landscape And Open Space	-	223,588	223,588
Capital Outlay	-	13,270	13,270
Total Expenditures	<u>133,583</u>	<u>236,858</u>	<u>370,441</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	17,763	150,643	168,406
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer To Other Funds	(17,763)	-	(17,763)
Transfer From Other Funds	-	17,763	17,763
Total Other Financing Sources (Uses)	<u>(17,763)</u>	<u>17,763</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	168,406	168,406
Fund Balances - Beginning of Year	<u>181,930</u>	<u>195,410</u>	<u>377,340</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 181,930</u>	<u>\$ 363,816</u>	<u>\$ 545,746</u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 168,406

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	13,270
Depreciation Expense	<u>(95,088)</u>

Changes in Net Position of Governmental Activities \$ 86,588

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023**

<b>ASSETS</b>	Water and Wastewater Enterprise Fund	Golf Course Enterprise Fund	Total
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 43,614,391	\$ 1,086,807	\$ 44,701,198
Accounts Receivable	2,568,702	15,060	2,583,762
Interest Receivable	110,207	-	110,207
Due From Other Funds	-	1,979	1,979
Prepaid Expense	260,658	7,069	267,727
Inventory	-	36,153	36,153
Total Current Assets	<u>46,553,958</u>	<u>1,147,068</u>	<u>47,701,026</u>
<b>NONCURRENT ASSETS</b>			
Restricted Cash and Cash Equivalents	11,693,863	-	11,693,863
Capital Assets, Net Of Depreciation	145,568,435	2,129,067	147,697,502
Total Noncurrent Assets	<u>157,262,298</u>	<u>2,129,067</u>	<u>159,391,365</u>
Total Assets	<u>\$ 203,816,256</u>	<u>\$ 3,276,135</u>	<u>\$ 207,092,391</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 1,878,916	\$ 15,365	\$ 1,894,281
Accrued Wages	204,448	-	204,448
Accrued Interest	806,536	-	806,536
Due To Other Funds	156,542	-	156,542
Retainage Payable	109,609	-	109,609
Unearned Revenue	604,406	-	604,406
Customer Deposits	273,237	-	273,237
Current Notes Payable	958,646	-	958,646
Current Bonds Payable	725,000	-	725,000
Total Current Liabilities	<u>5,717,340</u>	<u>15,365</u>	<u>5,732,705</u>
<b>NONCURRENT LIABILITIES</b>			
Notes Payable	4,038,075	-	4,038,075
Bonds Payable	56,565,915	-	56,565,915
Total Noncurrent Liabilities	<u>60,603,990</u>	<u>-</u>	<u>60,603,990</u>
Total Liabilities	<u>66,321,330</u>	<u>15,365</u>	<u>66,336,695</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	83,280,799	2,129,067	85,409,866
Restricted	11,964,185	-	11,964,185
Unrestricted	42,249,942	1,131,703	43,381,645
Total Net Position	<u>137,494,926</u>	<u>3,260,770</u>	<u>140,755,696</u>
Total Liabilities and Net Position	<u>\$ 203,816,256</u>	<u>\$ 3,276,135</u>	<u>\$ 207,092,391</u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN  
NET POSITION – PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	Water and Wastewater Enterprise Fund	Golf Course Enterprise Fund	Total
<b>OPERATING REVENUES</b>			
Water Sales	\$ 8,253,210	\$ -	\$ 8,253,210
Sewer Sales	6,851,413	-	6,851,413
TDS Surcharge	1,127,565	-	1,127,565
Golf Revenue	-	1,357,652	1,357,652
Resale	-	369,906	369,906
Total Operating Revenues	<u>16,232,188</u>	<u>1,727,558</u>	<u>17,959,746</u>
<b>OPERATING EXPENSES</b>			
Water System	3,209,926	-	3,209,926
Wastewater System	2,829,521	-	2,829,521
Support Services	809,726	-	809,726
Golf Course Operations	-	512,614	512,614
General and Administrative	2,226,777	895,960	3,122,737
Depreciation	3,695,187	98,986	3,794,173
Total Operating Expenses	<u>12,771,137</u>	<u>1,507,560</u>	<u>14,278,697</u>
<b>OPERATING INCOME</b>	3,461,051	219,998	3,681,049
<b>NONOPERATING REVENUES AND (EXPENSES)</b>			
Tap Fees	3,394,606	-	3,394,606
Interest Income	2,210,961	-	2,210,961
Miscellaneous Income	1,283,057	138,449	1,421,506
Meridian's TDS Capital/TDS Contribution	703,240	-	703,240
Interest Expense	(1,822,686)	-	(1,822,686)
Total Nonoperating Revenue, net	<u>5,769,178</u>	<u>138,449</u>	<u>5,907,627</u>
<b>CHANGE IN NET POSITION</b>	9,230,229	358,447	9,588,676
Total Net Position - Beginning of Year	<u>128,264,697</u>	<u>2,902,323</u>	<u>131,167,020</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 137,494,926</u>	<u>\$ 3,260,770</u>	<u>\$ 140,755,696</u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	<u>Water and Wastewater Enterprise Fund</u>	<u>Golf Course Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 16,328,216	\$ 1,742,054
Payments to Suppliers	(7,460,708)	(746,731)
Payments to Employees	(2,399,795)	(623,957)
Prepaid Expenses	30,744	6,518
Net Cash Provided by Operating Activities	6,498,457	377,884
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Changes in Due To/From Other Funds	(364,441)	644,662
Net Cash Provided (Used) by Noncapital Financing Activities	(364,441)	644,662
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Contributions - Tap Fees	3,394,606	-
Miscellaneous Income	1,283,057	138,448
Purchase of Capital Assets	(7,422,878)	(74,251)
Principal Paid on Debt	(1,610,047)	-
TDS Capital Contribution - Meridian	703,240	-
Interest Payment on Debt	(2,040,993)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,693,015)	64,197
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	2,173,256	-
Net Cash Provided by Investing Activities	2,173,256	-
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	2,614,257	1,086,743
Cash and Cash Equivalents - Beginning of Year	52,693,997	64
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
	\$ 55,308,254	\$ 1,086,807
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 3,461,051	\$ 219,998
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	3,695,186	98,986
(Increase) Decrease in:		
Accounts Receivable	(178,618)	14,496
Prepaid Expense	30,744	6,518
Inventory	-	28,728
Increase (Decrease) in:		
Accounts Payable	(861,007)	9,838
Customer Deposit	21,860	-
Unearned Revenue	252,786	-
Accrued Expenses	(33,154)	(680)
Retainage Payable	109,609	-
Net Cash Provided by Operating Activities	\$ 6,498,457	\$ 377,884

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUNDS AVAILABLE – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Street Light Fees	\$ 142,000	\$ 151,346	\$ 9,346
Total Revenues	<u>142,000</u>	<u>151,346</u>	<u>9,346</u>
<b>EXPENDITURES</b>			
Lighting	132,000	133,583	(1,583)
Total Expenditures	<u>132,000</u>	<u>133,583</u>	<u>(1,583)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	10,000	17,763	7,763
<b>OTHER FINANCING USES</b>			
Transfer To Other Funds	(10,000)	(17,763)	(7,763)
Total Other Financing Uses	<u>(10,000)</u>	<u>(17,763)</u>	<u>(7,763)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>181,930</u>	<u>181,930</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 181,930</u>	<u>\$ 181,930</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUNDS AVAILABLE – BUDGET AND ACTUAL  
PARKS FUND  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Fees	\$ 186,500	\$ 196,626	\$ 10,126
Conservation Trust Funds	135,000	172,191	37,191
Interest And Miscellaneous Income	4,200	18,684	14,484
Total Revenues	<u>325,700</u>	<u>387,501</u>	<u>61,801</u>
<b>EXPENDITURES</b>			
Parks, Landscape And Open Space	323,029	223,588	99,441
Capital Outlay	21,500	13,270	8,230
Total Expenditures	<u>344,529</u>	<u>236,858</u>	<u>107,671</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(18,829)	150,643	169,472
<b>OTHER FINANCING SOURCES</b>			
Transfer From Other Funds	10,000	17,763	7,763
Total Other Financing Sources	<u>10,000</u>	<u>17,763</u>	<u>7,763</u>
<b>NET CHANGE IN FUND BALANCE</b>	(8,829)	168,406	177,235
Fund Balance - Beginning of Year	<u>188,379</u>	<u>195,410</u>	<u>7,031</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 179,550</u></u>	<u><u>\$ 363,816</u></u>	<u><u>\$ 184,266</u></u>

See accompanying Notes to Basic Financial Statements.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Cherokee Metropolitan District (District), was established in January 2007 by the City Council of Colorado Springs, Colorado (the City). 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.

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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-Wide and Fund 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 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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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.

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.

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 District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – (Continued)**

*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.

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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 appropriation can only be modified upon completion of notification and publication requirements.

The District amended its annual budget for the year ended December 31, 2023.

**Deposits and Investments**

Cash and cash equivalents include cash on hand and cash 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.

**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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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 Improvement	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 Inflow/Outflow 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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences (Continued)**

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 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.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

- *Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned Fund Balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

**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.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 44,701,198
Cash and Investments - Restricted	<u>12,085,260</u>
Total Cash and Investments	<u><u>\$ 56,786,458</u></u>

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

Deposits with Financial Institutions	\$ 33,886,369
Investments	<u>22,900,089</u>
Total Cash and Investments	<u><u>\$ 56,786,458</u></u>

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

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 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District's cash deposits had a bank balance of \$33,821,940 and a carrying balance of \$33,886,369.

Restricted cash included Emergency Reserves as required by Article X, Section 20 of the Constitution of the state of Colorado (see Note 13) of \$16,100 at December 31, 2023.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 22,900,089
		<u>\$ 22,900,089</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), 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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24 - 75 - 601.

COLOTRUST EDGE, a variable net asset value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**  
**COLOTRUST (Continued)**

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAaf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2023, consisted of the following:

**Accounts Receivable:**

User fees	\$ 2,300,217
IGA	258,812
Other	24,733
Total	<u>\$ 2,583,762</u>

**NOTE 5 INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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, 2023, inter-fund receivables and payable were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 184,499	\$ -
Parks Fund	-	29,936
Golf Course Fund	1,979	-
Water and Wastewater Fund	-	156,542
Total	<u>\$ 186,478</u>	<u>\$ 186,478</u>

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 CAPITAL ASSETS**

An analysis of the changes in governmental capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
<b>Capital Assets, Being Depreciated:</b>				
Parks & Recreation	\$ 1,293,341	\$ 13,270	\$ -	\$ 1,306,611
Street Lights	55,960	-	-	55,960
Total Capital Assets, Being Depreciated	1,349,301	13,270	-	1,362,571
<b>Less Accumulated Depreciation for:</b>				
Accumulated Depreciation - Parks & Recreation	680,031	95,088	-	775,119
Accumulated Depreciation - Street Lights	55,960	-	-	55,960
Total Accumulated Depreciation	735,991	95,088	-	831,079
Total Capital Assets, Being Depreciated, Net	613,310	(81,818)	-	531,492
Governmental Activities Capital Assets, Net	\$ 613,310	\$ (81,818)	\$ -	\$ 531,492

An analysis of the changes in business type capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	CIP Transfer	Balance at December 31, 2023
<b>Business-Type Activities:</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 2,224,228	\$ -	\$ -	\$ -	\$ 2,224,228
Water Rights	40,360,893	-	-	-	40,360,893
Construction in Progress	47,390,500	4,900,301	-	(44,691,270)	7,599,531
Total Capital Assets, Not Being Depreciated	89,975,621	4,900,301	-	(44,691,270)	50,184,652
<b>Capital Assets, Being Depreciated:</b>					
Land Improvements	1,020,020	-	-	-	1,020,020
Buildings	24,063,025	22,385	-	-	24,085,410
Equipment	12,968,250	557,591	(186,913)	-	13,338,928
TDS Improvements	-	-	-	44,691,270	44,691,270
Transmission and Distribution	55,862,078	2,016,852	-	-	57,878,930
Total Capital Assets, Being Depreciated	93,913,373	2,596,828	(186,913)	44,691,270	141,014,558
Less Accumulated Depreciation	39,329,449	3,794,172	(186,913)	-	42,936,708
Less Allowance for Impaired Assets	565,000	-	-	-	565,000
Total Accumulated Depreciation	39,894,449	3,794,172	(186,913)	-	43,501,708
Total Capital Assets, Being Depreciated, Net	54,018,924	(1,197,344)	-	44,691,270	97,512,850
Business-Type Activities Capital Assets, Net	\$ 143,994,545	\$ 3,702,957	\$ -	\$ -	\$ 147,697,502

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

Parks	\$ 95,088
Total Depreciation Expense - Governmental Activities	\$ 95,088

**Business-Type Activities:**

Water and Wastewater	\$ 3,695,186
Golf Course	98,986
Total Depreciation Expense - Business-Type Activities	\$ 3,794,172

As of December 31, 2023, 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 7 LONG-TERM LIABILITIES**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
<b>Business-Type Activities:</b>					
Notes from Direct Borrowings and Placements:					
2006 Note Payable	\$ 4,436,857	\$ -	\$ 816,468	\$ 3,620,389	\$ 832,583
2012 Note Payable	1,504,559	-	123,579	1,380,980	126,063
2006 Note Issuance Discount	(5,950)	-	(1,302)	(4,648)	-
Total Notes Payable	5,935,466	-	938,745	4,996,721	958,646
Bonds Payable:					
2013 Revenue Bonds Payable	340,000	-	340,000	-	-
2020 Revenue Bonds Payable	38,755,000	-	-	38,755,000	-
2021A Revenue Bonds Payable	6,950,000	-	275,000	6,675,000	290,000
2021B Revenue Bonds Payable	7,315,000	-	55,000	7,260,000	435,000
Bond Issuance Premium	5,213,020	-	192,255	5,020,765	-
Bond Issuance Premium - 2020 Bonds	29,178	-	29,178	-	-
Bond Issuance Premium - 2021 A&B Bonds	(425,404)	-	(5,554)	(419,850)	-
Total Revenue Bonds Payable	58,176,794	-	885,879	57,290,915	725,000
Total - Business-type Borrowing and Placements:	\$ 64,112,260	\$ -	\$ 1,824,624	\$ 62,287,636	\$ 1,683,646

**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).

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

**Colorado Water Resources and Power Development Authority Loans (Continued)**

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 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>	<u>Total</u>
2024	\$ 958,646	\$ 120,117	\$ 1,078,763
2025	998,779	96,681	1,095,460
2026	1,055,079	72,249	1,127,328
2027	1,127,546	45,341	1,172,887
2028	136,508	16,547	153,055
2029-2033	724,811	40,461	765,272
Total	<u>\$ 5,001,369</u>	<u>\$ 391,396</u>	<u>\$ 5,392,765</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 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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

**Revenue Bonds (Continued)**

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.

The partially refunded Series 2012 revenue bonds matured on August 1, 2022. Annual debt service requirements to maturity for the partially refunded Series 2013 revenue bonds and the 2022A and 2022B revenue refunding bonds are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 725,000	\$ 263,606	\$ 988,606
2025	730,000	249,845	979,845
2026	745,000	236,008	981,008
2027	760,000	221,882	981,882
2028	1,750,000	207,461	1,957,461
2029-2034	9,225,000	530,277	9,755,277
Total	<u>\$ 13,935,000</u>	<u>\$ 1,709,079</u>	<u>\$ 15,644,079</u>

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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

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>	<u>Total</u>
2024	\$ -	\$ 1,550,200	\$ 1,550,200
2025	-	1,550,200	1,550,200
2026	-	1,550,200	1,550,200
2027	-	1,550,200	1,550,200
2028	-	1,550,200	1,550,200
2029-2033	-	7,751,000	7,751,000
2034-2038	8,860,000	7,070,200	15,930,200
2039-2043	10,775,000	5,150,600	15,925,600
2044-2048	13,110,000	2,816,400	15,926,400
2049-2050	6,010,000	363,000	6,373,000
Total	<u>\$ 38,755,000</u>	<u>\$ 30,902,200</u>	<u>\$ 69,657,200</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 consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 531,492	\$ 147,697,502
Less: Related Debt	-	(62,287,636)
Net Investment in Capital Assets	<u>\$ 531,492</u>	<u>\$ 85,409,866</u>

Restricted assets include net position that are 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. The District had restricted net position as of December 31, 2023, as follows:

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 NET POSITION (CONTINUED)**

	Governmental Activities	Business- Type Activities
Restricted Net Position:		
TABOR	\$ 16,300	\$ -
Parks	391,397	-
Customer Deposits	-	270,322
Capital Projects, Bond Reserve	-	11,693,863
Total Restricted Net Position	\$ 407,697	\$ 11,964,185

The District's unrestricted net position as of December 31, 2023 is \$43,519,694.

**NOTE 9 PENSIONS**

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 2023 totaled \$252,479.

**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**

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 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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 11 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

**Meridian Service Metropolitan District – Arbitration Settlement**

On April 26, 2022, 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 was required to pay the District for 45.8% of the TDS-related costs that the District had 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 September 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 deadline. The estimated cost of the infrastructure and associated construction is approximately \$40 million.

**NOTE 13 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 on 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 increases 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.

**CHEROKEE METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 13 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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 and Enterprise qualifications will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**CHEROKEE METROPOLITAN DISTRICT  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
WATER AND WASTEWATER ENTERPRISE FUND  
DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Water Sales	\$ 7,879,855	\$ 7,879,855	\$ 8,253,210	\$ 373,355
Sewer Sales	5,923,842	5,923,842	6,851,413	927,571
Water And Wastewater Tap Fees	5,040,000	5,040,000	3,394,606	(1,645,394)
Miscellaneous	1,529,544	1,529,544	1,283,057	(246,487)
Interest Income	200,000	200,000	2,092,997	1,892,997
Interfund Loan Revenue	-	-	49,200	49,200
Total Revenues	<u>20,573,241</u>	<u>20,573,241</u>	<u>21,924,483</u>	<u>1,351,242</u>
<b>EXPENDITURES</b>				
Water System:				
Purchased Water	40,000	40,000	13,137	26,863
Pumping	943,700	943,700	894,876	48,824
Treatment	189,000	189,000	138,649	50,351
Transmission And Distribution	389,000	389,000	385,851	3,149
Employee Wages, Benefits And Training	1,908,071	1,908,071	1,777,413	130,658
Total Water System	<u>3,469,771</u>	<u>3,469,771</u>	<u>3,209,926</u>	<u>259,845</u>
Wastewater System:				
Treatment	2,837,886	2,869,886	2,159,448	710,438
Collections	650,500	650,500	670,073	(19,573)
Total Wastewater System	<u>3,488,386</u>	<u>3,520,386</u>	<u>2,829,521</u>	<u>690,865</u>
Support Services:				
Engineering And Pretreatment	214,500	214,500	46,044	168,456
Safety And Technical Services	169,500	169,500	174,456	(4,956)
Employee Wages, Benefits And Training	608,954	608,954	589,226	19,728
Total Support Services	<u>992,954</u>	<u>992,954</u>	<u>809,726</u>	<u>183,228</u>
Other:				
General And Administrative	1,799,818	2,049,818	2,226,777	(176,959)
Capital Expenditures	10,589,000	10,725,000	6,173,048	4,551,952
Debt Principal Payments	1,610,027	1,610,027	1,610,047	(20)
Interest And Bond Fees	499,784	499,784	272,487	227,297
Total Other	<u>14,498,629</u>	<u>14,884,629</u>	<u>10,282,359</u>	<u>4,602,270</u>
Total Expenditures	<u>22,449,740</u>	<u>22,867,740</u>	<u>17,131,532</u>	<u>5,736,208</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,876,499)</u>	<u>(2,294,499)</u>	<u>4,792,951</u>	<u>7,087,450</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
TDS Surcharge	720,000	720,000	1,127,565	407,565
Meridian's TDS Capital/TDS Contribution	703,240	703,240	703,240	-
2020 Bond Interest Income	20,000	20,000	117,964	97,964
Interest - 2020 TDS Bonds	(1,550,200)	(1,550,200)	(1,550,200)	-
TDS Bond Proceeds	3,000,000	3,000,000	-	(3,000,000)
Capital Outlay - TDS	(3,000,000)	(3,000,000)	(1,249,830)	1,750,170
Total Other Financing Uses	<u>(106,960)</u>	<u>(106,960)</u>	<u>(851,261)</u>	<u>(744,301)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,983,459)</u>	<u>(2,401,459)</u>	<u>3,941,690</u>	<u>6,343,149</u>
Capital Expenditures			7,422,878	
Principal Payments on Bonds			1,610,047	
Interfund Loan			(49,200)	
Depreciation			(3,695,186)	
<b>CHANGE IN NET POSITION</b>			<u>\$ 9,230,229</u>	

**CHEROKEE METROPOLITAN DISTRICT  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
GOLF COURSE ENTERPRISE FUND  
DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Golf Revenue	\$ 1,247,000	\$ 1,247,000	\$ 1,357,652	\$ 110,652
Resale	354,500	354,500	369,906	15,406
Interest And Miscellaneous Income	23,000	23,000	138,449	115,449
Total Revenues	<u>1,624,500</u>	<u>1,624,500</u>	<u>1,866,007</u>	<u>241,507</u>
<b>EXPENDITURES</b>				
Operating Expense	877,533	877,533	259,861	617,672
Resale Expense	232,500	232,500	252,753	(20,253)
General And Administrative	304,597	304,597	895,960	(591,363)
Debt Service - Interfund Loan	-	-	49,201	(49,201)
Capital Outlay	234,000	239,000	91,251	147,749
Total Expenditures	<u>1,648,630</u>	<u>1,653,630</u>	<u>1,549,026</u>	<u>104,604</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(24,130)</u>	<u>(29,130)</u>	<u>316,981</u>	<u>346,111</u>
<b>GAAP Adjustments</b>				
Capital Expenditures			91,251	
Interfund Loan			49,201	
Depreciation			<u>(98,986)</u>	
<b>CHANGE IN NET POSITION</b>			<u>\$ 358,447</u>	

**CHEROKEE METROPOLIAN DISTRICT  
DEBT SERVICE COVERAGE AND RESERVE REQUIREMENTS  
YEAR ENDED DECEMBER 31, 2023**

Revenue		
Water Sales		\$ 8,253,210
Sewer Charges		6,851,413
Tap Fees		3,394,606
TDS Surcharge		1,127,565
Interest Income		2,210,961
Miscellaneous Income		<u>1,283,057</u>
 TOTAL REVENUES		 <u>23,120,812</u>
 Operating Expenses		 12,771,137
Less: Depreciation		<u>(3,695,187)</u>
 NET EXPENSES		 <u>9,075,950</u>
 NET REVENUES (PLEGGED PROPERTY)		 <u>\$ 14,044,862</u>
 Maximum Debt Service Requirement		 <u>\$ 3,617,569</u>
 DEBT SERVICE COVERAGE FACTOR		 <u><u>388.24%</u></u>