

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**

**Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Cherry Creek South Metropolitan District No. 5  
Douglas County, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Cherry Creek South Metropolitan District No. 5 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position thereof, and the respective 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 management's 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 opinions on the basic financial statements are not affected by this missing information.

## **Supplementary 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 supplementary information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 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.

**Continuing Disclosure Information**

The continuing disclosure information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Fiscal Focus Parnters, LLC*

Arvada, Colorado  
September 30, 2024

## **BASIC FINANCIAL STATEMENTS**

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 11,809,502
Escrow - Town of Parker	31,521,745
Escrow - Parker Water and Sanitation District	7,063,104
Due from Other Districts	376
Receivable - County Treasurer	1
Property Taxes Receivable	1,375
Capital Assets, Not Being Depreciated	19,857,210
Total Assets	70,253,313
<b>LIABILITIES</b>	
Due to Other Districts	4,000
Noncurrent Liabilities:	
Due in More than One Year	77,509,674
Total Liabilities	77,513,674
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	1,375
Total Deferred Inflows of Resources	1,375
<b>NET POSITION</b>	
Restricted For:	
Capital Projects	3,066,020
Unrestricted	(10,327,756)
Total Net Position	\$ (7,261,736)

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

		Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	\$	\$	\$	Governmental Activities
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	14	\$ -	\$ -	-	\$ (14)
Intergovernmental - Transfers to Cherry Creek South Metro District No. 4	47,610	-	-	-	(47,610)
Interest and Related Costs on Long-Term Debt	4,391,057	-	-	272	(4,390,785)
Total Governmental Activities	<u>\$ 4,438,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>(4,438,409)</u>
<b>GENERAL REVENUES</b>					
Property Taxes					130
Specific Ownership Taxes					12
Interest Income					2,508,690
Property Taxes - Infrastructure Capital					12
Property Taxes - Town Capital and Maintenance					11
Specific Ownership Taxes - Infrastructure Capital					1
Specific Ownership Taxes - Town Capital and Maintenance					1
Total General Revenues					<u>2,508,857</u>
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year, As Restated					
<u>(5,332,184)</u>					
<b>NET POSITION - END OF YEAR</b>					
<u>\$ (7,261,736)</u>					

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments - Restricted	\$ -	\$ 306	\$ 11,809,196	\$ 11,809,502
Escrow - Town of Parker	-	-	31,521,745	31,521,745
Escrow - Parker Water and Sanitation District	-	-	7,063,104	7,063,104
Due from Other Districts	-	376	-	376
Receivable - County Treasurer	-	1	-	1
Property Taxes Receivable	-	1,375	-	1,375
Total Assets	\$ -	\$ 2,058	\$ 50,394,045	\$ 50,396,103
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Other Districts	\$ -	\$ -	\$ 4,000	\$ 4,000
Total Liabilities	-	-	4,000	4,000
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	-	1,375	-	1,375
Total Deferred Inflows of Resources	-	1,375	-	1,375
 <b>FUND BALANCES</b>				
Restricted:				
Debt Service	-	683	-	683
Capital Projects	-	-	50,390,045	50,390,045
Total Fund Balances	-	683	50,390,045	50,390,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 2,058	\$ 50,394,045	

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

19,857,210

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Bonds Payable

(68,549,000)

Accrued Interest Payable - Bonds

(8,960,674)

Net Position of Governmental Activities

\$ (7,261,736)

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ -	\$ 130	\$ -	\$ 130
Specific Ownership Taxes	-	12	-	12
Interest Income	-	-	2,508,690	2,508,690
Property Taxes - Infrastructure Capital	-	12	-	12
Property Taxes - Town Capital and Maintenance	-	11	-	11
Specific Ownership Taxes - Infrastructure Capital	-	1	-	1
Specific Ownership Taxes - Town Capital and Maintenance	-	1	-	1
Transfer from Cherry Creek South Metro District No. 6	-	272	-	272
Total Revenues	<u>-</u>	<u>439</u>	<u>2,508,690</u>	<u>2,509,129</u>
<b>EXPENDITURES</b>				
County Treasurer's Fees	-	2	-	2
Legal	-	-	-	-
Paying Agent Fees	-	4,000	-	4,000
Transfers to Cherry Creek South Metro District No. 4	-	-	47,610	47,610
Capital Outlay	-	-	15,286,589	15,286,589
Transfer to Town of Parker	-	12	-	12
Total Expenditures	<u>-</u>	<u>4,014</u>	<u>15,334,199</u>	<u>15,338,213</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	(3,575)	(12,825,509)	(12,829,084)
<b>OTHER FINANCING SOURCES (USES)</b>				
Repay Developer Advance	-	-	(9,173,732)	(9,173,732)
Developer Advance	-	-	5,658,274	5,658,274
Transfer to/from funds	-	4,000	(4,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,000</u>	<u>(3,519,458)</u>	<u>(3,515,458)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	425	(16,344,967)	(16,344,542)
Fund Balances - Beginning of Year	<u>-</u>	<u>258</u>	<u>66,735,012</u>	<u>66,735,270</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ 50,390,045</u>	<u>\$ 50,390,728</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balance - Governmental Fund \$ (16,344,542)

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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the assets.

Capital Outlay - Current Year 15,286,589

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advances - Current Year (5,658,274)  
Repayment of Developer Advances 9,173,732

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

Accrued Interest on Bonds - Change in Liability (4,387,057)

Change in Net Position of Governmental Activities \$ (1,929,552)

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Cherry Creek South Metropolitan District No. 5 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado under Title 32, Article I of the Colorado Revised Statutes, as amended (C.R.S.), was organized and approved by the eligible electors of the District at an election held on November 2, 2004, and an Order and Decree issued by the Douglas County District Court on November 9, 2004, and recorded in Douglas County real property records on November 18, 2004.

Simultaneously with the formation of the District, Cherry Creek South Metropolitan District Nos. 2-4 and 6-11 were also formed (together with the District, the Districts). Formation of the Districts was preceded by the approval thereof by the Town Council of the Town of Parker, Colorado (the Town), on October 4, 2004, of a Consolidated Service Plan for the Cherry Creek South Metropolitan District Nos. 2-11 (the Original Service Plan). In 2016, Cherry Creek South Metropolitan District Nos. 2 and 3 (District Nos. 2 and 3) obtained approval of an Amended and Restated Consolidated Service Plan applicable to District Nos. 2 and 3 only and formed Anthology West Metropolitan District Nos. 4-6. District Nos. 2 and 3 and Anthology West Metropolitan District Nos. 4-6 now operate independently from Cherry Creek South Metropolitan District Nos. 4-11 (District Nos. 4-11 or the Other Cherry Creek South Metropolitan Districts).

In 2020, it was determined that District Nos. 4-6 shall operate independently from Cherry Creek South Metropolitan Districts Nos. 7-11, and on June 15, 2020, the Town Council of the Town approved separate Amended and Restated Service Plans for District Nos. 4-6 (as amended and restated, each a Service Plan, and collectively, the Service Plans).

The District will provide financing for design, acquisition, construction and installation, relocation, and redevelopment of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, sewer and drainage facilities, public transportation, and the operation and maintenance of the District. The District's service area is located entirely within the boundaries of the Town of Parker, Douglas County, Colorado.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees, and all operations and administrative functions are contracted.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect 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. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from 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. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 current period or soon enough thereafter to pay liabilities of the current 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. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**  
**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)**

The District reports the following major governmental funds:

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.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and other related costs on long-term general obligation debt.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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.

**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 and other financing uses 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 budget includes each fund on its basis of accounting unless otherwise indicated.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is always 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 taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

**Property Taxes (Continued)**

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenue is recorded as revenue in the year they are available or collected.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

**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.

*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.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023**

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

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**Restatement of Beginning Net Position**

During 2021 and 2022, the District transferred capital assets totaling \$4,570,621 to Cherry Creek South Metropolitan District No. 4 based upon board approved resolutions accepting District eligible costs. Capital assets should be retained by the District until a resolution conveying public improvements is approved by the board.

Net Position - December 31, 2022, as originally stated	\$ (9,902,805)
Adjustment for Capital Assets	<u>4,570,621</u>
Net Position - December 31, 2022, as restated	<u><u>\$ (5,332,184)</u></u>

**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 - Restricted	\$ 11,809,502
Total Cash and Investments	<u><u>\$ 11,809,502</u></u>

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

Deposits with Financial Institutions	\$ 1,462,860
Investments	<u>10,346,642</u>
Total Cash and Investments	<u><u>\$ 11,809,502</u></u>

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
 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.

At December 31, 2023, the District had a bank and carrying balance of \$1,462,860.

**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 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.

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>Balance</u>
Colorado Local Government:	Weighted-Average	
Liquid Asset Trust (COLOTRUST PLUS+ FUND)	Under 60 Days	<u>\$ 10,346,642</u>

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
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**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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 CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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 AAAs/S1 by Fitch Ratings. 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 CAPITAL ASSETS**

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

	Balance at December 31, 2022, as restated	Additions	Payments/ Reductions	Balance at December 31, 2023
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 4,570,621	\$ 15,286,589	\$ -	\$ 19,857,210
Total Capital Assets, Not Being Depreciated	<u>\$ 4,570,621</u>	<u>\$ 15,286,589</u>	<u>\$ -</u>	<u>\$ 19,857,210</u>

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
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**NOTE 5 LONG-TERM OBLIGATIONS**

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	Payments/ Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax General Obligation					
Bonds, Series 2021 <sup>(3)</sup>	\$ 68,549,000	\$ -	\$ -	\$ 68,549,000	\$ -
Accrued Interest on Bonds, Series 2021 <sup>(3)</sup>	4,573,617	4,387,057	-	8,960,674	-
Total	<u>\$ 73,122,617</u>	<u>\$ 4,387,057</u>	<u>\$ -</u>	<u>\$ 77,509,674</u>	<u>\$ -</u>
Other Debts:					
Developer Advance - Capital	3,515,458	5,658,274	9,173,732	-	-
Total	<u>\$ 3,515,458</u>	<u>\$ 5,658,274</u>	<u>\$ 9,173,732</u>	<u>\$ -</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2023 are as follows:

**Limited Tax General Obligation Bonds, Series 2021(3) (the "Bonds")**

**Bond Proceeds**

The District issued the Bonds on November 23, 2021, in the par amount of \$68,549,000. Proceeds from the sale of the Bonds were/will be used to finance or reimburse the costs of public improvements related to a residential development in the Town and to pay costs of issuance of the Bonds.

**Pledge Agreement**

The District was organized with, among other districts, Cherry Creek South Metropolitan District No. 6 (District No. 6). The District has issued the Bonds and both the District and District No. 6 (each a Taxing District or collectively, the Taxing Districts) have covenanted to impose certain taxes which, along with certain other revenues in its absolute and sole discretion, are pledged to the Bonds pursuant to a Pledge Agreement.

**Details of the Bonds**

The Bonds bear interest at the rate of 6.000% per annum and are payable annually on December 1, beginning on December 1, 2022, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 1, 2061 after the application of all Pledged Revenue available therefor, such amounts shall be extinguished and no longer due and outstanding.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2021(3) (the “Bonds”) (Continued)**

**Optional Redemption**

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026, to November 30, 2027	3.00 %
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and Thereafter	0.00

**Pledged Revenue**

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

“Property Tax Revenues” means all moneys derived from imposition by the Taxing Districts of the Required Mill Levy and the Infrastructure Capital Mill Levy, and do not include Specific Ownership Taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

“Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the Taxing Districts as a result of imposition by the Taxing Districts of the applicable Required Mill Levy and the Infrastructure Capital Mill Levy.

**Required Mill Levy**

Each Taxing District is required to impose an ad valorem mill levy upon all taxable property of such Taxing District each year in an amount equal to: (i) 57 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2019), or (ii) such lesser amounts determined by the District which, if imposed by both Taxing Districts for collection in the succeeding calendar year, would generate Property Tax Revenues, together with the Property Tax Revenues resulting from or relating to the Infrastructure Capital Mill Levy, sufficient to pay the Bonds and any Additional Obligations in full in the year of collection (or, with respect to Additional Obligations, such lesser amount then required by the applicable Additional Obligation Documents).

The mill levy of 57 mills (as adjusted) is to be reduced by the number of mills necessary to pay unlimited mill levy debt (the issuance of which is subject to the limitations of the Pledge Agreement).

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**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2021(3) (the “Bonds”) (Continued)**

**Required Mill Levy (Continued)**

In the event that the adjusted mill levies are different for the Taxing Districts, each of the Taxing Districts shall impose its respective adjusted 57 mills, provided that if clause (ii) above applies, the Taxing Districts shall impose the same mill levy in the amount required to generate the Property Tax Revenues required, but if the actual mill levies necessary to generate the amount of Property Tax Revenues required would exceed the adjusted 57 mill maximum levy of any Taxing District, then the Taxing District with the lowest adjusted 57 mill maximum levy shall impose such amount, and the other Taxing District shall impose a mill levy sufficient to generate the amount of Property Tax Revenues required (but not in excess of such Taxing District’s adjusted 57 mill maximum levy).

**Infrastructure Capital Mill Levy**

Pursuant to Amended and Restated Intergovernmental Agreements between the Town and each Taxing District dated May 18, 2020, the Infrastructure Capital Mill Levy is an ad valorem mill levy imposed by each Taxing District upon all taxable property of the respective Taxing District each year, beginning in the first year the Taxing District certifies a debt service mill levy, in an amount of 5.000 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2019).

Revenues generated from the Infrastructure Capital Mill Levy are to be used for the planning, design, and construction of certain Regional infrastructure set forth therein. Revenues resulting from the imposition of the Infrastructure Capital Mill Levy are pledged to the Bonds.

Pursuant to the Bonds, in no event shall the Taxing Districts be obligated to impose any portion of the Required Mill Levy or Infrastructure Capital Mill Levy for payment of the Bonds or any Additional Obligations after tax levy year 2060 (for tax collection in 2061).

**Bonds Debt Service**

The annual debt service requirements of the Bonds are not currently determinable since they are payable only to the extent of available Pledged Revenue.

**Unused Lines of Credit**

The Bonds do not have any unused lines of credit.

**Collateral**

No assets have been pledged as collateral on the Bonds.

**Events of Default**

Events of default occur if the Districts (i) fail to impose the Required Mill Levy or the Infrastructure Capital Mill Levy, or to apply the Pledged Revenues as required by the

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5**  
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**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2021(3) (the “Bonds”) (Continued)**

**Events of Default (Continued)**

Indenture, (ii) defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Districts in the Indenture or the Bond Resolution or (iii) files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

**Termination Events**

The Bonds are not subject to early termination.

**Acceleration**

The Bonds are not subject to acceleration.

**NOTE 6 AUTHORIZED DEBT**

At a special election of the eligible electors of the District on November 2, 2004, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities such as streets, parks and recreation, water, sanitation, transportation, mosquito control, traffic and safety, fire protection, TV relay, and security, and for the purpose of refunding such indebtedness. On May 5, 2020, at an election of qualified electors of the District, a majority of those qualified to vote voted in favor of the issuance of District indebtedness and the imposition of taxes for the purpose of providing certain improvements and facilities and for the refunding of such indebtedness. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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	Amount Authorized on November 2, 2004	Amount Authorized on May 5, 2020	Authorization Used for 2021 <sup>(3)</sup> Bonds	Authorized But Unissued
Streets	\$ 37,560,000	\$ 170,343,750	\$ (68,549,000) *	\$ 101,794,750
Parks and Recreation	59,280,000	170,343,750	-	170,343,750
Water	8,880,000	170,343,750	-	170,343,750
Sanitation	14,280,000	170,343,750	-	170,343,750
Transportation	-	170,343,750	-	170,343,750
Mosquito Control	-	170,343,750	-	170,343,750
Safety Protection	37,560,000	170,343,750	-	170,343,750
Fire Protection	-	170,343,750	-	170,343,750
TV Relay and Translation	-	170,343,750	-	170,343,750
Security	-	170,343,750	-	170,343,750
Operations and Maintenance	-	170,343,750	-	170,343,750
Intergovernmental Agreements	-	170,343,750	-	170,343,750
Private Agreements	-	170,343,750	-	170,343,750
In-District Special Assessment Debt	-	170,343,750	-	170,343,750
Refunding	130,000,000	1,703,437,500	-	1,703,437,500
Total	<u>\$ 287,560,000</u>	<u>\$ 4,088,250,000</u>	<u>\$ (68,549,000)</u>	<u>\$ 4,019,701,000</u>

\* To be re-allocated

**NOTE 6 AUTHORIZED DEBT (CONTINUED)**

In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

**NOTE 7 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

The District has restricted net position for capital projects totaling \$3,066,020 as of December 31, 2023.

The District has a negative unrestricted net position as of December 31, 2023. This negative net position is primarily due to costs of issuing the Bonds and accrued interest to date.

**NOTE 8 RELATED PARTIES**

The Developer of the property which constitutes the District is Tanterra Development II, LLC, a Colorado limited liability company. The members of the Board of Directors of the District are officers, employees, or otherwise associated with the Developer or an entity affiliated with the Developer and may have conflicts of interest in dealing with the District.

**NOTE 9 AGREEMENTS**

**Amended and Restated Intergovernmental Agreement**

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On May 18, 2020, the District entered into an Amended and Restated Intergovernmental Agreement with the Town of Parker (Town IGA). The Town IGA generally provides, among other things, that the District will impose (a) the Infrastructure Capital Mill Levy (5 mills, subject to adjustment) and use the proceeds for Regional Infrastructure, (b) the Town Capital and Maintenance Mill Levy (5 mills, subject to adjustment) and use the proceeds for Town Infrastructure, and (c) the Operation and Maintenance Mill Levy (up to 10 mills subject to adjustment) and use the proceeds for the ongoing administrative and operating expenses of the District and for the maintenance of certain of the Regional Infrastructure.

The Town IGA specifies that the revenues from the Infrastructure Capital Mill Levy are to be used to construct Regional Infrastructure as follows: (a) regional stormwater and drainage improvements, (b) regional open space, regional trails, and other regional park and recreation improvements, and (c) construction and maintenance of roadways, including associated landscape improvements and traffic signals.

The Town IGA specifies that the revenues from the Town Capital and Maintenance Mill Levy are to be used for the planning, design, financing, acquisition, construction, operation, and maintenance of the following Town Infrastructure: (a) the Park Tract and all associated

**NOTE 9 AGREEMENTS (CONTINUED)**

**Amended and Restated Intergovernmental Agreement (Continued)**

improvements to Planning Area 43, (b) all roadways, storm sewer and associated items constructed within Town right-of-way, (c) regional roadways serving the District, (d) all storm sewer, detention ponds, stream improvements and other stormwater conveyance infrastructure located on Town, HOA (defined below) or District-owned property that is eligible for maintenance assistance through the Town's Stormwater Utility, and (e) widening of Chambers Road to a full arterial roadway section through the Districts' boundaries, including additional lanes, sidewalk, curb and gutter, medians and all other associated items.

The Town IGA also imposes an aggregate debt limit on the District, together with Cherry Creek South Metropolitan District Nos. 4 and 6, of \$170,343,750, which is consistent with the debt limit set forth in the Service Plan.

**Amended and Restated Infrastructure Acquisition and Project Fund Disbursement Agreement**

The District, together with Cherry Creek South Metropolitan District Nos. 4 and 6, and Tanterra Development, LLC (Tanterra) entered into an Amended and Restated Infrastructure Acquisition and Project Fund Disbursement Agreement dated as of June 23, 2022. The Amended and Restated Infrastructure Acquisition and Project Fund Disbursement Agreement terminates the Infrastructure Acquisition and Project Fund Disbursement Agreement in its entirety and acknowledges that all amounts due and owing under the prior agreement shall become District Eligible Costs pursuant to the terms of Amended and Restated Infrastructure Acquisition and Project Fund Disbursement Agreement. The Amended and Restated Infrastructure Acquisition and Project Fund Disbursement Agreement establishes the terms and conditions for the reimbursement of District Eligible Costs for Public Infrastructure to be dedicated to other governmental entities,

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and for Public Infrastructure that is to be owned, operated, and maintained by District No. 4. This agreement is terminated on March 14, 2023.

**Infrastructure Acquisition and Project Fund Disbursement Agreement**

The District, together with Cherry Creek South Metropolitan District Nos. 4 and 6, and Tanterra Development II LLC (Developer) entered into an Infrastructure Acquisition and Project Fund Disbursement Agreement dated as of March 14, 2023 (Infrastructure Acquisition and Project Fund Disbursement Agreement), pursuant to which, among other matters, the District is to disburse proceeds of the Bonds on deposit in the Project Fund held under the Indenture to the Developer in payment of costs of Public Improvements, upon satisfaction of certain conditions set forth in the Infrastructure Acquisition and Project Fund Disbursement Agreement.

The Infrastructure Acquisition and Project Fund Disbursement Agreement establishes the terms and conditions for the reimbursement of District Eligible Costs (defined therein) for Public Infrastructure to be dedicated to other governmental entities, and for Public Infrastructure that is to be owned, operated, and maintained by District No. 4. Pursuant to the terms thereof, the Developer may be reimbursed for Certified District Eligible Costs, including Public Infrastructure and funds advanced to or on behalf of the Districts for District

**NOTE 9 AGREEMENTS (CONTINUED)**

**Infrastructure Acquisition and Project Fund Disbursement Agreement (Continued)**

Eligible Costs. In order for the Developer to obtain reimbursement, the Infrastructure Acquisition and Project Fund Disbursement Agreement requires submission of an application for acceptance of District Eligible Costs, cost certification by both a professional engineer and accountant engaged by District No. 5, subject to review by District No. 6, and adoption of a joint resolution by the District and District No. 6 to accept and certify the District Eligible Costs (defined as a District Acceptance Resolution). Within three business days of adoption of a District Acceptance Resolution, the District shall make a requisition in the amount of the Certified District Eligible Costs from the Project Fund held by the Trustee, which requisition shall direct that the Trustee make payment of the applicable amount directly to the Developer. The District obligations with respect to the payment of Certified District Eligible Costs shall be limited to amounts on deposit in the Project Fund and available for such purpose in accordance with the Indenture, and subject to the limitations of the Election, unless and until the District has identified (in its sole discretion) other sources of payment for such costs, it being acknowledged that the purpose of the District is to fund or reimburse the maximum amount of costs economically feasible. After adoption of a District Acceptance Resolution, District Eligible Costs shall only be reflected in the financial records of District No. 5. Additionally, the Infrastructure Acquisition and Project Fund Disbursement Agreement sets forth the process for District No. 4's acquisition of Public Improvements upon receipt of an application from the Developer, and subject to certain inspection rights, design certification and adoption of a District Acquisition Resolution by District No. 4. The Developer warrants the Public Infrastructure which is intended to be owned, operated, and maintained by District No. 4 for a period of two years from the date of the District Inspection Certification (defined therein).

**Master Intergovernmental Agreement**

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In accordance with the Service Plans, the Districts entered into an Intergovernmental Agreement dated as of November 9, 2021 (Master IGA), for the purpose of establishing their respective roles, responsibilities, and obligations with respect to the financing, construction, installation, ownership, operation, maintenance, and repair of the Public Improvements (to the extent not conveyed or dedicated to other governmental entities as more fully set forth in the Service Plans).

In accordance with the Master IGA, District No. 4 will own, operate, and maintain Public Improvements not otherwise required to be dedicated to the Town or other governmental entities or an owner's association, and will perform all operations and maintenance services and administrative services described therein (collectively defined as the Services). The Taxing Districts shall not own, operate, or maintain any Public Improvements unless otherwise agreed upon in writing by the Districts. The Districts agree that the conduct and control of the work and functions required by the Master IGA for the Services will lie solely with District No. 4, which will be free to exercise reasonable discretion in the performance of its duties under the Master IGA.

**NOTE 9 AGREEMENTS (CONTINUED)**

**Master Intergovernmental Agreement (Continued)**

District No. 4 also agrees to levy on all the taxable property within its boundaries an Operations and Maintenance Mill Levy of up to 10 mills, subject to the Mill Levy Adjustment, both as defined in the Service Plans, for the purpose of paying for all Service Costs (defined therein as the Maximum O&M Mill Levy). Notwithstanding the foregoing, the District and District No. 6 may elect to levy an Operations and Maintenance Mill Levy of up to 1 mill, subject to the Mill Levy Adjustment, and to perform their own administrative services as provided therein, in which case District No. 4's Maximum O&M Mill Levy shall be reduced by the number of mills imposed by the District and/or District No. 6, as applicable. In order to avoid overlapping mill levies, District No. 4 agrees it will not impose any debt service mill levy or issue any Debt (as defined therein) or impose an Infrastructure Capital Mill Levy or Town Capital and Maintenance Mill Levy, for so long as the District and District No. 6 are imposing the same. District No. 4 also agrees not to impose any Development Fee, as authorized by the Service Plans, for so long as District No. 5 or District No. 6 imposes a Development Fee. However, District No. 4 shall also be authorized to seek an amendment to its Service Plan to allow for District No. 4 to impose fees, rates, tolls, penalties, or charges for the purpose of funding the Service Costs.

The District will be responsible for issuing all Debt authorized under the Service Plans for the purpose of financing any or all of the Public Improvements benefiting the Districts. The District agrees to impose a debt service mill levy to pay debt service on all Debt, and District No. 6 agrees to impose a debt service mill levy to pay debt service on all Debt issued by the District and shall enter into the Pledge Agreement with the District to effectuate the pledge of revenues received by the District No. 6 debt service mill levy to the District. The Taxing Districts also agree to impose the Infrastructure Capital Mill Levy and Town Capital and Maintenance Mill Levy. In order to avoid overlapping mill levies, for so long as District No. 4

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is providing the Services, the Taxing Districts shall not impose an Operations and Maintenance Mill Levy.

Additionally, the Taxing Districts shall not seek an amendment to their Service Plans to allow for any Taxing District to impose fees, rates, tolls, penalties, or charges.

Under the Master IGA, District No. 4 will approve the acceptance of any Public Improvements for ownership by District No. 4, and the District will approve the acceptance of costs related to the provision of the Public Improvements eligible for reimbursement pursuant to the terms of any Developer Agreements, subject to review by District No. 6.

**Infrastructure Reimbursement Agreement**

The District and Tanterra Development, LLC (Tanterra) entered into the Infrastructure Reimbursement Agreement on September 22, 2022. The Infrastructure Reimbursement Agreement establishes the terms and conditions for the reimbursement of District Eligible Costs for Public Infrastructure to be dedicated to other governmental entities, and for Public Infrastructure that is to be owned, operated, and maintained by District No. 4. Pursuant to the terms thereof, the Developer may be reimbursed for Certified District Eligible Costs, including Public Infrastructure and funds advanced to or on behalf of the District for District Eligible Costs. In order for the Developer to obtain reimbursement, the Infrastructure Reimbursement Agreement requires submission of an application for acceptance of District

**NOTE 9 AGREEMENTS (CONTINUED)**

**Infrastructure Reimbursement Agreement (Continued)**

Eligible Costs, cost certification by both a professional engineer and accountant, and adoption of a resolution by the District to accept and certify the District Eligible Costs (defined as a District Acceptance Resolution). Adoption of any District Acceptance Resolution does not guarantee that the District has, or shall in the future have, the financial ability to pay the Certified District Eligible Costs in part or in full. The Infrastructure Reimbursement Agreement is subordinate to the Project Fund Disbursement Agreement. Certified District Eligible Costs are intended to be reimbursed first from Bond proceeds pursuant to the Project Fund Disbursement Agreement. Certified District Eligible Costs accepted prior to the issuance of any Reimbursement Obligation reflecting such advance, shall bear an interest rate of 2% per annum, from the date of adoption of a District Acceptance Resolution, simple interest, to the earlier of the date Reimbursement Obligation is issued to evidence the Certified District Eligible Costs, or the date of repayment in full of all interest then due and payable and the principal balance of Certified District Eligible Costs. This agreement was terminated on October 16, 2023.

**Infrastructure Reimbursement Agreement (Tanterra II)**

The District and Tanterra Development II, LLC (Developer) entered into the Infrastructure Acquisition and Reimbursement Agreement on October 16, 2023. The Infrastructure Acquisition and Reimbursement Agreement establishes the terms and conditions for reimbursement of District Eligible Costs for Public Infrastructure to be dedicated to other government entities, and for Public Infrastructure that is be owned, operated and maintained by District No. 4. Pursuant to the terms thereof, the Developer may be reimbursed for Certified District Eligible Costs, including Public Infrastructure and funds advanced to or on behalf of the District for District Eligible Costs. In order for the Developer to obtain reimbursement, the Infrastructure Acquisition Reimbursement Agreement requires

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submission of an application for acceptance of District Eligible Costs, cost certification by both a professional engineer and accountant, and adoption of a resolution by the District to accept and certify the District Eligible Costs (defined as a District Acceptance Resolution). Adoption of any District Acceptance Resolution does not guarantee that the District has, or shall in the future have, the financial ability to pay the Certified District Eligible Costs in part or in full. The Infrastructure Acquisition Reimbursement Agreement is subordinate to the Project Fund Disbursement Agreement. Certified District Eligible Costs are intended to be reimbursed first from Bond proceeds pursuant to the Project Fund Disbursement Agreement. Certified District Eligible Costs accepted prior to the issuance of any Reimbursement Obligation reflecting such advance, shall bear an interest rate of 2% per annum, from the date of adoption of a District Acceptance Resolution, simple interest, to the earlier of the date Reimbursement Obligation is issued to evidence the Certified District Eligible Costs, or the date of repayment in full of all interest then due and payable and the principal balance of Certified District Eligible Costs.

**TriParty Agreement**

The District, Tanterra Development II, LLC (Developer) and KCI Investment Partners, LLC (KCI) entered into the TriParty Agreement on October 16, 2023. The TriParty Agreement establishes the terms and conditions whereby the Developer will direct the District to tender reimbursement payments due and owing to Developer pursuant to the Reimbursement Agreement to KCI. The District will reimburse the Developer for District Eligible Costs upon

**NOTE 9 AGREEMENTS (CONTINUED)**

**TriParty Agreement (Continued)**

the adoption of a District Acceptance Resolution. In event of a default by the Developer under the Note, Developer directs the District to deliver all payments due to Developer under the Reimbursement Agreement to KCI.

**NOTE 10 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS**

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**DECEMBER 31, 2023**

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. District No. 4 provides for the emergency reserve, equal to at least 3% of fiscal year spending as defined under TABOR, for the Districts.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 130	\$ 130	\$ -
Property Taxes - Infrastructure Capital	12	12	-
Property Taxes - Town Capital and Maintenance	11	11	-
Specific Ownership Taxes	12	12	-
Specific Ownership Taxes - Infrastructure Capital	1	1	-
Specific Ownership Taxes - Town Capital and Maintenance	1	1	-
Transfer from Cherry Creek South Metro District No. 6	270	272	2
Total Revenues	<u>437</u>	<u>439</u>	<u>2</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2	2	-
Paying Agent Fees	4,000	4,000	-
Transfer to Town of Parker	12	12	-
Total Expenditures	<u>4,014</u>	<u>4,014</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OVER (UNDER) EXPENDITURES</b>	(3,577)	(3,575)	2
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Other Fund	4,000	4,000	-
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	423	425	2
Fund Balance - Beginning of Year	<u>256</u>	<u>258</u>	<u>2</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 679</u></u>	<u><u>\$ 683</u></u>	<u><u>\$ 4</u></u>

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Interest Income	\$ 950,000	\$ 2,508,690	\$ 1,558,690
Total Revenues	<u>950,000</u>	<u>2,508,690</u>	<u>1,558,690</u>
<b>EXPENDITURES</b>			
Contingency	37,169	-	37,169
Capital Outlay	-	15,286,589	(15,286,589)
Transfers to Cherry Creek South Metro District No 4	67,650,000	47,610	67,602,390
Total Expenditures	<u>67,687,169</u>	<u>15,334,199</u>	<u>52,352,970</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(66,737,169)	(12,825,509)	53,911,660
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	30,000,000	5,658,274	(24,341,726)
Repay Developer Advance	(30,000,000)	(9,173,732)	20,826,268
Transfer to Other Fund	(4,000)	(4,000)	-
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(3,519,458)</u>	<u>(3,515,458)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(66,741,169)	(16,344,967)	50,396,202
Fund Balance - Beginning of Year	<u>66,741,169</u>	<u>66,735,012</u>	<u>(6,157)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 50,390,045</u>	<u>\$ 50,390,045</u>

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS  
REQUIRED BY LIMITED TAX GENERAL OBLIGATION BONDS,  
SERIES 2021<sup>(3)</sup>**

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
HISTORY OF ASSESSED VALUATIONS AND MILL LEVIES FOR THE TAXING DISTRICTS  
DECEMBER 31, 2023  
(UNAUDITED)**

Levy/ Collection Year	Assessed Valuation				Mill Levies		District No. 5 Debt Service Fund	District No. 6 Debt Service Fund
	District No. 5 Valuation	District No. 6 Valuation	Total Valuation	Percent Change	General Fund			
2016/2017	\$ 380	\$ 380	\$ 760	-	0.000	0.000	0.000	
2017/2018	410	410	820	7.90%	0.000	0.000	0.000	
2018/2019	410	410	820	-	0.000	0.000	0.000	
2019/2020	430	430	860	4.90	0.000	0.000	0.000	
2020/2021	2,210	1,470	3,680	327.90	0.000	0.000	0.000	
2021/2022	2,290	1,570	3,860	4.90	0.000	67.466	67.466	
2022/2023	2,080	3,680	5,760	49.20	0.000	73.599	73.595	
2023/2024	19,650	17,400	37,050	543.20	0.000	69.992	70.640	

Sources: Douglas County Assessor's Office and the District

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
OWNER OF TAXABLE PROPERTY WITHIN THE TAXING DISTRICTS  
DECEMBER 31, 2023  
(UNAUDITED)**

<u>Taxpayer Name</u>	Owner of Taxable Property within the Taxing Districts			
	District No. 5 2022 Final Assessed Valuation	District No. 6 2022 Final Assessed Valuation	Total Combined Assessed Valuation	Percentage of Total Assessed Valuation
North Parker Investments, LLC	\$ 19,650	\$ 17,400	\$ 37,050	100.00 %
Total	\$ 19,650	\$ 17,400	\$ 37,050	100.00 %

Sources: Douglas County Assessor's Office

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 5  
 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE TAXING  
 DISTRICTS AND RATIO OF DEBT TO ASSESSED VALUATION  
 DECEMBER 31, 2023  
 (UNAUDITED)**

<u>Property Class</u>	<u>Assessed Valuation of Classes of Property in the Taxing Districts</u>			
	<u>District No. 5 Assessed Valuation</u>	<u>District No. 6 Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Agriculture	\$ 1,750	\$ 4,400	\$ 6,150	16.60%
State Assessed	100	100	200	0.54%
Personal Property	17,800	12,900	30,700	82.86%
Total	<u>\$ 19,650</u>	<u>\$ 17,400</u>	<u>\$ 37,050</u>	<u>100.00%</u>

**Ratio of Debt to Assessed Valuation**

The combined 2023 certified assessed value for the Taxing Districts is \$37,050. Given this low amount, the ratio of direct general obligation debt of the Taxing Districts (after giving effect to the issuance of the Bonds) and overlapping debt within the Taxing Districts (only for those entities which currently pay their general obligation debt through a mill levy assessed against property within the Taxing Districts) to the 2023 certified assessed value is not a meaningful figure and is not included herein.