

CROSS CREEK METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cross Creek Metropolitan District
El Paso County, Colorado

Opinions

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

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

Emphasis of a Matter

As outlined in Note 8 to the financial statements, the District restated beginning balances due to errors noted in the prior year. The result was a restatement of the prior period fund balance for the major funds of the District. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the general fund budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 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 capital project fund budgetary comparison schedule is presented for purposes of additional analysis and are 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 capital project fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adorno Group, LLC

Greenwood Village, Colorado
December 17, 2024

BASIC FINANCIAL STATEMENTS

CROSS CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 291,863
Cash and cash equivalents - restricted	1,315,744
Accounts receivable, net of allowance for doubtful accounts (\$10,890)	11,738
Property tax receivable	609,961
Capital assets, not being depreciated	2,253,578
Capital assets, net of depreciation	<u>462,101</u>
Total Assets	<u>4,944,985</u>
 <u>Liabilities</u>	
Accounts payable	<u>41,772</u>
Total Liabilities	<u>41,772</u>
 <u>Deferred Inflows of Resources</u>	
Deferred property taxes	<u>609,961</u>
Total Deferred Inflows of Resources	<u>609,961</u>
 <u>Net Position</u>	
Net investment in capital assets	2,715,679
Restricted	816,119
Unrestricted	<u>761,454</u>
Total Net Position	<u>\$ 4,293,252</u>

See the accompanying Notes to Financial Statements.

CROSS CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$ 579,698	\$ 114,658	\$ 10,784	\$ (454,256)
Total Governmental Activities	\$ 579,698	\$ 114,658	\$ 10,784	(454,256)

GENERAL REVENUES:

Property taxes	518,307
Specific ownership taxes	54,386
Interest income	26,228
Other revenue	4,969
Total General revenues	603,890
Change in net position	149,634
Net position, beginning	4,143,618
Net position, ending	\$ 4,293,252

See the accompanying Notes to Financial Statements.

CROSS CREEK METROPOLITAN DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET AND
RECONCILIATION OF FUND BALANCES TO NET POSITION
DECEMBER 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 291,863	\$ -	\$ 291,863
Cash and cash equivalents - restricted	-	1,315,744	1,315,744
Accounts receivable, net of allowance for doubtful accounts (\$10,890)	11,738	-	11,738
Property tax receivable	609,961	-	609,961
Total Assets	\$ 913,562	\$ 1,315,744	\$ 2,229,306
<u>Liabilities, deferred inflows of resources and fund balances</u>			
<u>Liabilities</u>			
Accounts payable	\$ 25,567	\$ 16,205	\$ 41,772
Total Liabilities	25,567	16,205	41,772
<u>Deferred inflows of resources</u>			
Deferred property taxes	609,961	-	609,961
Total Deferred Inflows of Resources	609,961	-	609,961
<u>Fund balances</u>			
Restricted	21,880	794,239	816,119
Assigned	180,557	505,300	685,857
Unassigned	75,597	-	75,597
Total Fund Balances	278,034	1,299,539	1,577,573
Total Liabilities, Deferred Inflows and Fund Balances	\$ 913,562	\$ 1,315,744	\$ 2,229,306

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

Fund balances - total governmental funds:	\$ 1,577,573
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	2,715,679
Net position of governmental activities	\$ 4,293,252

See the accompanying Notes to Financial Statements.

CROSS CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues</u>			
Property taxes	\$ 518,307	\$ -	\$ 518,307
Specific ownership taxes	54,386	-	54,386
Conservation trust funds	-	10,784	10,784
Park revenues	-	7,976	7,976
Regional park cost share	106,682	-	106,682
Interest income	4,419	21,809	26,228
Other	4,469	500	4,969
Total revenues	688,263	41,069	729,332
<u>Expenditures</u>			
Current:			
Administration	91,881	-	91,881
Operations - metro district	124,999	-	124,999
Operations - regional park	230,127	-	230,127
Other repair and maintenance	18,629	-	18,629
Bad det expense	10,890	-	10,890
Capital outlay	-	296,296	296,296
Total expenditures	476,526	296,296	772,822
Excess revenue over (under) expenditures	211,737	(255,227)	(43,490)
<u>Other financing sources (uses)</u>			
Transfer in	-	320,898	320,898
Transfer out	(320,898)	-	(320,898)
Total other financing sources (uses)	(320,898)	320,898	-
Net change in fund balance	(109,161)	65,671	(43,490)
Fund balances - beginning (as restated)	387,195	1,233,868	1,621,063
Fund balances - ending	\$ 278,034	\$ 1,299,539	\$ 1,577,573

See the accompanying Notes to Financial Statements.

CROSS CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

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

Net change in fund balances - total governmental funds:	\$	(43,490)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		247,769
Depreciation expense		(54,645)
Change in net position of governmental activities	\$	<u>149,634</u>

See the accompanying Notes to Financial Statements.

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

Reporting Entity

Cross Creek Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado and was organized by order and decree of the District Court in 2003 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized to provide parks and recreation, street improvements, storm sewer, and flood and surface drainage maintenance for the Cross Creek and Mesa Ridge community and other areas in and around the City of Fountain, Colorado. The District is governed by a separately elected five-member Board of Directors, which is the policy making body of the District.

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 has no employees and all operations and administrative functions are contracted.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)

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 amount program revenues are reported instead as general revenues.

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets.

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 District 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 tax. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the liability is incurred or when the long-term obligation is paid.

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 for those required to be accounted for in another fund.

The *Capital Project Fund* is a capital projects fund used to account for the financial resources used for the acquisition and/or construction of major capital improvements throughout the District. The Hale Reservoir Fund has been included within the Capital Projects Fund because it does not meet the criteria of a special revenue fund under generally accepted accounting principles.

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE 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 and other financing uses level and lapses at year-end. 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. During the year, the General Fund had \$108,612 of actual expenditures over budget. This may be a violation of Colorado Budget Law.

Cash and Cash Equivalents

The District's cash and cash equivalents includes cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at amortized cost. The District had no investments as of December 31, 2023.

Property Taxes

Property taxes are levied by the District board of directors. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurers collect 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, sales of tax liens on delinquent properties are held in November or December. The County Treasurers remit the taxes collected monthly to the District.

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

Other Receivables

Other receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables at December 31, 2023 of \$11,738 are shown net of allowance of \$10,890.

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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 depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Buildings	27 - 30 years
Improvements	7 - 20 years
Equipment	7 years

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Fund Balances

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact. The District had no amounts reported as nonspendable at December 31, 2023.

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (continued)

Restricted fund balance – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District had \$21,880 restricted at December 31, 2023 related to emergency reserves and \$794,239 related to intergovernmental agreement in place.

Committed fund balance – Amounts that can be used only for specific purposes determined by a formal action of District’s Board of Directors (Board). The Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District had no balance reported as committed fund balance at December 31, 2023.

Assigned fund balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. The District has \$685,857 in assigned fund balance at December 31, 2023.

Unassigned fund balance – Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District’s Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

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

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

At December 31, 2023, the total net investment in capital assets was \$2,715,679.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. As noted in Note 8, the District is required to establish emergency reserves in the amount of \$21,880 as of December 31, 2023. The District also has \$794,239 in restricted net position due to IGA in place.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District. At December 31, 2023, the District had unrestricted net position of \$761,454.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Adoption of New Accounting Standard

For the year ended December 31, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The District had no agreements to be reported under this new standard at December 31, 2023.

NOTE 3 – CASH AND CASH EQUIVALENTS

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

Deposits with financial institutions	\$ 1,607,607
Total cash deposits	<u>\$ 1,607,607</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND CASH EQUIVALENTS (CONTINUED)

Cash Deposits (continued)

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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 bank balance and carrying amount of the District’s deposits were \$1,608,660 and \$1,607,607, respectively. Cash deposits were FDIC insured or covered by the PDPA.

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in governmental activities capital assets during the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,725,618	\$ -	\$ -	\$ 1,725,618
Construction in progress	415,707	112,253	-	527,960
Total capital assets, not being depreciated	<u>2,141,325</u>	<u>112,253</u>	<u>-</u>	<u>2,253,578</u>
Capital assets, being depreciated				
Buildings	312,431	-	-	312,431
Improvements	212,360	135,516	-	347,876
Equipment	100,952	-	-	100,952
Total capital assets, being depreciated	<u>625,743</u>	<u>135,516</u>	<u>-</u>	<u>761,259</u>
Accumulated depreciation				
Buildings	121,861	10,713	-	132,574
Improvements	29,971	40,935	-	70,906
Equipment	92,681	2,997	-	95,678
Total accumulated depreciation	<u>244,513</u>	<u>54,645</u>	<u>-</u>	<u>299,158</u>
Total capital assets, being depreciated	<u>381,230</u>	<u>80,871</u>	<u>-</u>	<u>462,101</u>
Governmental activities capital assets, net	<u>\$ 2,522,555</u>	<u>\$ 193,124</u>	<u>\$ -</u>	<u>\$ 2,715,679</u>

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense of \$54,645 was charged to general governmental activities for the year ended December 31, 2023.

NOTE 5 – INTERGOVERNMENTAL AGREEMENT

Effective as of January 26, 2011, the District and Mesa Ridge Metropolitan District No. 1 (Mesa Ridge District) entered into an intergovernmental agreement regarding a regional park wherein the District has agreed to construct, own, operate, and maintain facilities benefiting both the District and Mesa Ridge District. Mesa Ridge District has agreed to participate in certain design and construction costs required to complete the regional park, up to a maximum capital contribution of one half of the cost, current estimated at \$2,500,000 or the amount of the Mesa Ridge Park fee actually collected. In addition, the District and Mesa Ridge District have agreed to jointly fund the operation and maintenance of the regional park, beginning on January 2, 2012.

Effective April 1, 2011, the District and Mesa Ridge District entered into an intergovernmental agreement regarding entrance features wherein the District and Mesa Ridge District have agreed to share in the maintenance, repair, and upkeep of the entrance parcels as fully described in the entrance features agreement.

On November 20, 2015, the District, Mesa Ridge Metro District, and City of Fountain entered into an agreement related to the construction of Hale Reservoir and Cross Creek Regional Park. At December 31, 2023, the District has restricted funds of \$794,239 for purposes of this agreement.

NOTE 6 – 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 volunteers; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2023. 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 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.

CROSS CREEK METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 – COMMITMENTS AND CONTINGENCIES

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. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

NOTE 8 – PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2023, prior period adjustments were posted as a result of errors noted in the prior year. The impact on beginning fund balance for the impacted funds is outlined below:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Regional Park Fund</u>
Fund balance, as of December 31, 2022	\$ 351,164	\$ 1,264,487	\$ 5,412
Restatement amount	<u>36,031</u>	<u>(30,619)</u>	<u>(5,412)</u>
Restated fund balance, as of December 31, 2022	<u>\$ 387,195</u>	<u>\$ 1,233,868</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

CROSS CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Property taxes	\$ 517,075	\$ 518,307	\$ 1,232
Specific ownership taxes	47,500	54,386	6,886
Regional park cost share	90,000	106,682	16,682
Interest income	-	4,419	4,419
Other	-	4,469	4,469
Total revenues	<u>\$ 654,575</u>	<u>\$ 688,263</u>	<u>\$ 33,688</u>
<u>Expenditures</u>			
Administration	144,048	91,881	52,167
Operations - metro district	166,088	124,999	41,089
Operations - regional park	228,676	230,127	(1,451)
Other repair and maintenance	-	18,629	(18,629)
Bad det expense	-	10,890	(10,890)
Total expenditures	<u>538,812</u>	<u>476,526</u>	<u>62,286</u>
Excess (deficiency) revenue over (under) expenditures	115,763	211,737	95,974
<u>Other financing sources</u>			
Transfer out	(150,000)	(320,898)	(170,898)
Total other financing sources	<u>(150,000)</u>	<u>(320,898)</u>	<u>(170,898)</u>
Net change in fund balance	(34,237)	(109,161)	(74,924)
Fund balances - beginning (as restated)	<u>387,195</u>	<u>387,195</u>	<u>-</u>
Fund balances - ending	<u>\$ 352,958</u>	<u>\$ 278,034</u>	<u>\$ (74,924)</u>

See accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

CROSS CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Conservation trust fund	\$ 12,500	\$ 10,784	\$ (1,716)
Park fee revenue	7,976	7,976	-
Interest income	-	21,809	21,809
Other	-	500	500
Total Revenues	<u>20,476</u>	<u>41,069</u>	<u>20,593</u>
<u>Expenditures</u>			
Capital outlay	<u>330,000</u>	<u>296,296</u>	<u>33,704</u>
Total Expenditures	<u>330,000</u>	<u>296,296</u>	<u>33,704</u>
Excess revenue over (under) expenditures	(309,524)	(255,227)	54,297
<u>Other financing sources (uses)</u>			
Transfer in	100,000	320,898	220,898
Transfer out	(50,000)	-	50,000
Total other financing sources (uses)	<u>50,000</u>	<u>320,898</u>	<u>270,898</u>
Net change in fund balance	(259,524)	65,671	325,195
Fund balances - beginning (as restated)	<u>1,233,868</u>	<u>1,233,868</u>	<u>-</u>
Fund balances - ending	<u>\$ 974,344</u>	<u>\$ 1,299,539</u>	<u>\$ 325,195</u>

See accompanying Independent Auditors' Report.