

**THE COUNTRY HOMES
METROPOLITAN DISTRICT**

Financial Statements

December 31, 2023

THE COUNTRY HOMES METROPOLITAN DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	19
Proprietary Fund	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Notes to the Financial Statements	23
Supplementary Information	
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	38
Schedule of Revenue, Expenditures and Changes in Funds Available – Water and Sewer Enterprise Fund – Budget and Actual (Budgetary Basis).....	39
Other Information	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	40



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Country Homes Metropolitan District
Arapahoe County, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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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 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 management's discussion and analysis on pages 4–12 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.

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 listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Duggio & Associates, P.C.

February 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

As management of The Country Homes Metropolitan District (the District), we offer readers of the District's basic financial statements, this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of 2023 by \$1,116,055: \$801,059 in governmental activities net position and \$314,996 in business-type activities net position.
- The District's total net position decreased by \$28,182. Net position of the District's governmental activities increased \$17,112. Net position of the business-type activities increased \$45,294.
- Total revenues decreased \$9,412, or 4.4%, compared to 2022. Governmental activities revenues increased \$2,905, or 2.0%, to \$145,891 and revenues of business-type activities decreased \$12,317, or 17.7% to \$57,170 compared to 2022.
- The total cost of the District's programs decreased \$84,454 or 57.5%, compared to 2022. The cost of governmental activities program expenses increased \$33,132, or 37.1% to \$122,535, and the cost of business-type activities increased \$51,322, or 89.4% to \$108,708 from 2022.
- The District's general fund reported an ending fund balance of \$540,189, an increase of \$49,536 in comparison with the prior year. Of the ending general fund balance, 99%, or \$535,789 is unassigned, or available for spending at the District's discretion.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government and public works. The business-type activities of the District include the water and sewer operations.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General and Debt Service Funds, which are considered to be major funds.

The District adopts an annual appropriated budget for both of its governmental funds. A budgetary comparison statement for the General Fund and a budgetary schedule for the Debt Service Fund have been provided to demonstrate compliance with the budget.

Proprietary funds. The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for two separate operations: Water and Sewer. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary and Other information. In addition to the basic financial statements and accompanying notes, this report also presents budget to actual schedules for the debt service and the water and sewer funds, as well as schedules presenting the District's debt requirements and a history of assessed valuation and mill levies for the past several years.

Government-wide Financial Analysis

A. Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The analysis below focuses on the net position and changes in net position of the District's governmental and business-type activities.

Table 1 presents an analysis of the District's net position as of December 31. The District's assets exceeded liabilities by \$1,116,055 at the close of 2023. Governmental activities make up \$801,059 (72%) of this net position, with business-type activities making up the remaining

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2023

\$314,996 (28%). Total net position decreased \$28,182 in 2023. The decrease is comprised of the following:

- Total assets decreased \$8,943 to \$1,320,415 due to a decrease in cash balances of \$30,204 due to the final payment on the 2014 Bonds of \$28,840, increases in property taxes receivable of \$52,685 (36%) due to the increase in assessed valuation of 33% and depreciation of \$31,462 on the District’s capital assets.
- Total liabilities decreased \$33,446 to \$6,144 due to principal payments on the District’s General Obligation Bonds of \$28,000 and decreases in accounts payable at year-end of \$5,446.

Table 1
The Country Homes Metropolitan District
Summary of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 668,655	\$ 628,643	\$ 242,670	\$ 260,163	\$ 911,325	\$ 888,806
Capital assets	260,870	285,721	148,220	154,831	409,090	440,552
Total assets	929,525	914,364	390,890	414,994	1,320,415	1,329,358
Liabilities						
Long-term liabilities	-	28,000	-	-	-	28,000
Other liabilities	-	9,542	6,144	2,048	6,144	11,590
Total liabilities	-	37,542	6,144	2,048	6,144	39,590
Deferred Inflows of Resources						
Property tax revenue	128,466	92,875	69,750	52,656	198,216	145,531
Net position						
Net Investment in Capital Assets	260,870	257,721	148,220	154,831	409,090	412,552
Restricted	4,400	39,013	1,715	1,675	6,115	40,688
Unrestricted	535,789	487,213	165,061	203,784	700,850	690,997
Total net position	\$ 801,059	\$ 783,947	\$ 314,996	\$ 360,290	\$ 1,116,055	\$ 1,144,237

A portion of the District’s net position (36%) reflects its investment of \$409,090 in capital assets (e.g., streets; water and sewer infrastructure) less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2023

An additional portion of the District’s net position, \$6,115 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$700,850 (63%).

B. Analysis of Changes in Net Position

As presented in Table 2, the District’s overall net position decreased \$28,182 during 2023. This increase is explained in the governmental and business-type activities discussion below.

Table 2
The Country Homes Metropolitan District
Summary of Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
Revenue	2023	2022	2023	2022	2023	2022
Program Revenue						
Permits, Fees, Fines and Charges For Services	\$ 10,750	\$ -	\$ 450	\$ -	\$ 11,200	\$ -
Capital Grants and Contributions	-	-	-	13,700	-	13,700
General Revenue						
Taxes	98,960	132,306	56,106	55,437	155,066	187,743
Net Investment Income	36,181	10,680	614	350	36,795	11,030
Total Revenue	<u>145,891</u>	<u>142,986</u>	<u>57,170</u>	<u>69,487</u>	<u>203,061</u>	<u>212,473</u>
Expenses						
General Government	2,443	1,829	-	-	2,443	1,829
Public Works	118,752	84,873	-	-	118,752	84,873
Interest on Long-Term Debt	1,340	2,701	-	-	1,340	2,701
Water and Sewer	-	-	108,708	57,386	108,708	57,386
Total Expenses	<u>122,535</u>	<u>89,403</u>	<u>108,708</u>	<u>57,386</u>	<u>231,243</u>	<u>146,789</u>
Change In Net Position	17,112	53,583	(45,294)	12,101	(28,182)	65,684
Net Position - Beginning	<u>783,947</u>	<u>730,364</u>	<u>360,290</u>	<u>348,189</u>	<u>1,144,237</u>	<u>1,078,553</u>
Net Position - Ending	<u>\$ 801,059</u>	<u>\$ 783,947</u>	<u>\$ 314,996</u>	<u>\$ 360,290</u>	<u>\$ 1,116,055</u>	<u>\$ 1,144,237</u>

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

Governmental Activities. Net position of governmental activities increased \$17,112 compared to an increase of \$53,583 in 2022, an increase of \$36,471.

Governmental revenue increased \$2,905 compared to 2022. The increase was due to increases in road use fees of \$10,000 and investment earnings increased \$25,501 due to higher interest rates in 2023. These increases were offset by the reduction in property taxes as the debt service mill levy was eliminated in 2023 because the final payment on the 2014 Bonds was made in 2023 and sufficient cash reserves were available for the payment.

Governmental expenses increased \$33,132 compared to 2022. The increase was mainly due to major repairs to the entry wall and to repair an irrigation line.

Business-type Activities. Business-type activities decreased the District's net position by \$45,294 to end at \$314,996 in total net position. Of this amount, \$148,220 represents net position invested in capital assets, \$1,715 is restricted and \$165,061 is unrestricted.

Revenue decreased \$12,317 due to decreases in tap fees of \$13,700 while expenses increased \$51,322 in 2023. The increase is mainly caused by the repair of four fire hydrants and to repair a water line break.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A. Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is necessary to assess the District's financing requirements.

At December 31, 2023, the District's general fund reported an ending fund balance of \$540,189, an increase of \$49,536. \$4,400 is restricted for TABOR emergencies and \$535,789 (99%) constitutes unassigned fund balance, which is available for spending at the District's discretion.

The District created the debt service fund in 2014 to account for the accumulation of resources for the payment of principal and interest on the 2014 General Obligation Bonds. During the year, the final payment was made on the Bonds and the remaining fund balance was transferred to the Water and Sewer Enterprise Fund.

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

B. Proprietary funds. The District's proprietary funds provide the same type of information in the government-wide financial statements, but in more detail. Other factors concerning the finances of the enterprise fund have already been addressed in the discussion of the District's business-type activities.

Capital Assets and Debt Administration

A. Capital Assets

As can be seen from the table below, the District's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounts to \$409,090 (net of accumulated depreciation).

Capital Assets, Net		
	2023	2022
Governmental Activities		
Streets	\$ -	\$ 1,801
Lights	-	916
Perimeter Wall	234,789	254,639
Entryway	26,081	28,365
Total, Net	260,870	285,721
Business-type Activities		
Water System	23,288	25,869
Sewer System	124,932	128,962
Total, Net	148,220	154,831
Grand Total, Net	\$ 409,090	\$ 440,552

Additional information on capital assets can be found in Note 4 to the financial statements.

B. Long-term Obligations

The District made the final payment on the Series 2014 General Obligation Bonds.

Additional information on long-term obligations can be found in Note 5 to the financial statements.

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

Next Year's Budgets and Rates

Revenues

Property Taxes

The District receives the majority of its revenue from property taxes. The District levied \$128,466 for general operations and \$69,750 for water and sewer operations, for collection in 2024.

Specific Ownership Taxes

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by the County and is based on historical experience.

Expenditures

General Fund Expenditures

General Fund expenditures have been projected to be higher than 2023.

Sewer System Expenditures

The District's expenditures on its sanitary sewer collection system for 2024 are projected to be higher than 2023.

Water System Expenditures

In 2024, the District's expenditures on its water system are projected to be higher than 2023.

General Obligation Debt

On March 19, 2014, the District issued \$250,000 in General Obligation Bonds, Series 2014, for the purpose of rehabilitating a portion of its sanitary sewer wastewater collection system and a portion of its water distribution system. The final payment of \$28,700 on the bonds was made in 2023.

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The District's budget for 2024 is as follows:

	Budgeted Revenue	Budgeted Expenditures	Net Increase (Decrease)
General Fund	\$ 160,066	\$ 95,300	\$ 64,766
Water and Sewer Fun	73,700	129,000	(55,300)
Total	<u>\$ 233,766</u>	<u>\$ 224,300</u>	<u>\$ 9,466</u>

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Collins, Cole, Flynn & Ulmer PLLC., 165 S. Union Boulevard, Suite 785, Lakewood, Colorado 80228.

BASIC FINANCIAL STATEMENTS

THE COUNTRY HOMES METROPOLITAN DISTRICT

**STATEMENT OF NET POSITION
December 31, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 539,795	\$ 163,823	\$ 703,618
Due from County Treasurer	394	223	617
Prepaid Expense	-	8,874	8,874
Property Taxes Receivable	128,466	69,750	198,216
Capital Assets, Net of Accumulated Depreciation	260,870	148,220	409,090
Total Assets	929,525	390,890	1,320,415
Liabilities			
Accounts Payable	255	6,144	6,399
Total Liabilities	255	6,144	6,399
Deferred Inflows of Resources			
Property Taxes	128,466	69,750	198,216
Net Position			
Net Investment in Capital Assets Restricted	260,870	148,220	409,090
Emergency Reserves	4,400	1,715	6,115
Unrestricted	535,534	165,061	700,595
Total Net Position	\$ 800,804	\$ 314,996	\$ 1,115,800

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

Function/Program Activities	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expense	Permits, Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,443	\$ 750	\$ -	\$ -	\$ (1,693)	\$ -	\$ (1,693)
Public Works	119,007	10,000	-	-	(109,007)	-	(109,007)
Interest and Related Charges on Long Term Debt	1,340	-	-	-	(1,340)	-	(1,340)
Total Governmental Activities	122,790	10,750	-	-	(112,040)	-	(112,040)
Business-type Activities							
Water and Sewer	108,708	450	-	-	-	(108,258)	(108,258)
Total	\$ 231,498	\$ 11,200	\$ -	\$ -	\$ (112,040)	\$ (108,258)	\$ (220,298)
General Revenues:							
Property Taxes - Operating					92,875	52,656	145,531
Property Taxes - Debt Service					-	-	-
Specific Ownership Taxes					6,085	3,450	9,535
Net Investment Income					36,181	614	36,795
Transfers, Net					(6,244)	6,244	-
Total General Revenues					128,897	62,964	191,861
Changes in Net Position					16,857	(45,294)	(28,437)
Net Position - Beginning					783,947	360,290	1,144,237
Net Position - Ending					\$ 800,804	\$ 314,996	\$ 1,115,800

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General Fund	Debt Service Fund	Total
Assets			
Cash and Investments	\$ 539,795	\$ -	\$ 539,795
Due from County Treasurer	394	-	394
Property Taxes Receivable	128,466	-	128,466
Total Assets	\$ 668,655	\$ -	\$ 668,655
Liabilities			
Accounts Payable	\$ 255	\$ -	\$ 255
Deferred Inflows of Resources			
Property Taxes	128,466	-	128,466
Fund Balance			
Restricted for Emergency Reserves	4,400	-	4,400
Unassigned	535,534	-	535,534
Total Fund Balance	539,934	-	539,934
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 668,655	\$ -	\$ 668,655

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2023

Total Fund Balances - Governmental Funds	\$ 539,934
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>260,870</u>
Net Position - Governmental Activities	<u><u>\$ 800,804</u></u>

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 92,875	\$ -	\$ 92,875
Specific Ownership Taxes	6,085	-	6,085
Net Investment Income	36,170	11	36,181
Insurance Proceeds	500	-	500
Road Use Fee	10,000	-	10,000
Permit Fees	750	-	750
Total Revenues	<u>146,380</u>	<u>11</u>	<u>146,391</u>
Expenditures			
Current			
Tree Maintenance	18,564	-	18,564
Flower Maintenance	8,623	-	8,623
Irrigation Water	6,624	-	6,624
Street Repairs	930	-	930
Snow Removal	1,800	-	1,800
Property Maintenance	11,054	-	11,054
Wall Repair and Maintenance	16,542	-	16,542
Irrigation System Repairs	13,266	-	13,266
Holiday Lighting	9,351	-	9,351
Security Cameras	5,430	-	5,430
Utilities	2,472	-	2,472
General Government	447	-	447
County Treasurer Fees	1,396	-	1,396
Miscellaneous Expense	600	-	600
Debt Service			
Bond Principal	-	28,000	28,000
Bond Interest	-	840	840
Paying Agent Fees	-	500	500
Total Expenditures	<u>97,099</u>	<u>29,340</u>	<u>126,439</u>
Excess Revenues Over (Under) Expenditures	49,281	(29,329)	19,952
Other Financing Sources (Uses)			
Transfers Out	-	(6,244)	(6,244)
Net Change in Fund Balances	49,281	(35,573)	13,708
Fund Balances - Beginning	490,653	35,573	526,226
Fund Balances - Ending	<u>\$ 539,934</u>	<u>\$ -</u>	<u>\$ 539,934</u>

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Net Change in Fund Balances - Governmental Funds \$ 13,708

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

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. (24,851)

Long-term debt (e.g., issuance of bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Payment - General Obligation Bonds 28,000

Change in Net Position - Governmental Activities \$ 16,857

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues					
Property Taxes	\$ 92,875	\$ 92,875	\$ 92,875	\$ -	\$ 88,826
Specific Ownership Taxes	7,000	6,085	6,085	-	6,882
Net Investment Income	2,000	36,170	36,170	-	10,530
Insurance Proceeds	-	500	500	-	8,362
Road Use Fee	-	10,000	10,000	-	-
Permit Fees	-	750	750	-	-
Total Revenues	101,875	146,380	146,380	-	114,600
Expenditures					
Current					
Tree Maintenance	11,000	19,000	18,564	436	13,005
Flower Maintenance	8,700	8,700	8,623	77	8,279
Irrigation Water	9,000	6,700	6,624	76	5,670
Street Repairs	-	1,000	930	70	1,570
Street Lights and Signs	4,000	-	-	-	3,215
Snow Removal	5,000	2,000	1,800	200	5,445
Property Maintenance	9,600	11,100	11,054	46	8,915
Wall Repair and Maintenance	7,500	16,600	16,542	58	-
Irrigation System Repairs	-	13,300	13,266	34	-
Holiday Lighting	9,000	9,400	9,351	49	9,290
Security Cameras	6,000	5,500	5,430	70	7,743
Utilities	4,000	2,300	2,472	(172)	2,534
General Government	800	500	447	53	443
County Treasurer Fees	1,400	1,400	1,396	4	1,336
Election	5,000	-	-	-	-
Miscellaneous Expense	200	600	600	-	50
Contingency	15,000	-	-	-	-
Total Expenditures	96,200	98,100	97,099	1,001	67,495
Net Change in Fund Balance	5,675	48,280	49,281	1,001	47,105
Fund Balance - Beginning	479,326	490,653	490,653	-	443,548
Fund Balance - Ending	\$ 485,001	\$ 538,933	\$ 539,934	\$ 1,001	\$ 490,653

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2023

	<u>Water and Sewer Fund</u>
Assets	
Current Assets	
Cash and Investments	\$ 163,823
Due from County Treasurer	223
Property Taxes Receivable	69,750
Prepaid Insurance	8,874
Total Current Assets	<u>242,670</u>
Noncurrent Assets	
Property & Equipment, Net	<u>148,220</u>
Total Assets	<u>390,890</u>
Liabilities	
Current Liabilities	
Accounts Payable	<u>6,144</u>
Deferred Inflows of Resources	
Property Taxes	<u>69,750</u>
Net Position	
Investment in Capital Assets	148,220
Restricted for TABOR Emergencies	1,715
Unrestricted	165,061
Total Net Position	<u><u>\$ 314,996</u></u>

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2023

	Water and Sewer Fund
Operating Revenues	
Charges for Sales and Services	
Inspection/Disconnect Fees	\$ 450
Operating Expense	
Legal	19,951
Accounting	4,900
Insurance	8,629
County Treasurer Fees	792
Office/Election	341
Management Fees	3,300
Maintenance-Sewer	4,279
Maintenance-Water	54,044
Engineering Services	1,628
Audit	4,000
Miscellaneous Expense	233
Depreciation	6,611
Total Operating Expenses	108,708
Operating Loss	(108,258)
Nonoperating Revenues	
Property Taxes - Parcel A	40,063
Property Taxes - Parcel B	12,593
Specific Ownership Taxes	3,450
Net Investment Income	614
Total Nonoperating Revenues	56,720
Income Before Contributions and Transfers	(51,538)
Transfers In	6,244
Change In Net Position	(45,294)
Net Position - Beginning	360,290
Net Position - Ending	\$ 314,996

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended December 31, 2023**

	Water and Sewer Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 450
Cash Payments to Suppliers for Goods and Services	(98,246)
Net Cash Used by Operating Activities	(97,796)
Cash Flows from Noncapital Financing Activities	
Property Taxes	52,656
Specific Ownership Taxes	3,543
Net Cash Provided by Noncapital Financing Activities	56,199
Cash Flows from Capital and Related Financing Activities	
Transfers from Other Funds	6,244
Cash Flows from Investing Activities	
Net Investment Income	614
Net Increase in Cash and Cash Equivalents	(34,739)
Cash and Cash Equivalents - Beginning	198,562
Cash and Cash Equivalents - Ending	\$ 163,823
 Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating Loss	\$ (108,258)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	6,611
Effect of Changes In Operating Assets and Liabilities	
Prepaid Expense	(245)
Accounts Payable	4,096
Total Adjustments	10,462
Net Cash Used by Operating Activities	\$ (97,796)

The notes to the financial statements are an integral part of this statement.

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District was originally Country Homes Sanitation District and only provided sanitation services. On June 16, 1982, Country Homes Sanitation District became The Country Homes Metropolitan District (the District) by an Order and Decree of the District Court in Arapahoe County, Colorado. The District is governed by a five-member elected Board of Directors.

The District provides sewage collection, water transmission and street maintenance services to approximately 43 residences in its service area which is located in the City of Cherry Hills Village, Colorado, and consists of the Country Homes Subdivision and includes seven homes to the south of the Subdivision on Cherry Hills Drive. These seven homes receive sanitary sewer service only from the District. Water supply is provided by the City and County of Denver (Denver Water). Sewer treatment is provided by the City of Englewood (Englewood). Charges for these services are billed and collected directly from District customers by Denver Water and Englewood.

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

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 COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE 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. Governmental activities are normally supported by taxes.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District being 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 instead 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. 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 capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 after year-end. The major sources of revenue susceptible to accrual are

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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 and interest on long-term general obligation debt of the governmental funds.

The District reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for revenues and expenses associated with maintaining the District's water distribution and sewer collection systems.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's water and sewer functions and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. Since Denver Water and Englewood bill the District's customers directly for water and sewer services, the District's enterprise fund does not report any operating revenues. Operating expenses for enterprise funds include repairs and maintenance on the water distribution and sewer collection systems, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. The District's water and sewer enterprise fund recognizes as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water and sewer distribution systems.

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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

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 and investments.

Cash and investments are presented in the basic financial statements at fair value.

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Restricted Assets

Cash and investments whose use is restricted for bonded debt service by debt indentures are segregated on the government-wide statement of net position and the fund balance sheets.

Property Taxes

Property taxes are levied by the District's Board of Directors. Property taxes are levied by December 15 of each year and are due in full the following year. The lien date is January 1 following the levy. Taxes may be paid in two equal installments, on or before February 28 and June 15, or in full, on or before April 30. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. Property taxes are collected by Arapahoe County and then remitted, net of a 1% collection fee,

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

to the District. Taxes are recorded as a receivable and a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District currently capitalizes expenditures that cost more than \$5,000 and have a life of one year or more. Such capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Public domain assets consisting of streets and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capital assets because their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities. Generally accepted accounting principles requires the District to report general infrastructure assets obtained subsequent to January 1, 2004 but allows the District to retroactively capitalize general infrastructure assets obtained prior to that date. The District elected to not report general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over their remaining useful lives.

Capital assets of the District are depreciated, using the straight-line method over their estimated useful lives:

Roads and Streets	40 years
Lights and Signs	40 years
Water and Sewer Systems	40 years
Entryway and Fence	35 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

In addition to liabilities, the statement of financial position/balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue for property taxes to be collected in the subsequent period and therefore not yet available.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Unrestricted Net Position represents assets that do not have any third-party limitations on their use.

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

Fund Balances

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.

The District reports the following Restricted Fund Balances:

Restricted for Debt Service

Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

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.

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

The District’s unrestricted and restricted cash deposits and investments are presented as follows at December 31, 2023:

	Governmental Activities	Business-Type Activities	Total
Cash	\$ 2,124	\$ -	\$ 2,124
Investments	537,671	163,823	701,494
Total	<u>\$ 539,795</u>	<u>\$ 163,823</u>	<u>\$ 703,618</u>
Unrestricted	<u>\$ 539,795</u>	<u>\$ 163,823</u>	<u>\$ 703,618</u>

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution’s

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had a bank balance of \$31,857 and a carrying balance of \$2,124.

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 obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, 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 disclosure requirements or subject to investment custodial credit risk 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 US 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

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

At December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Government Liquid Asset Trust (COLOTRUST PRIME)	Weighted Average under 60 Days	<u>\$ 701,494</u>

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. As of December 31, 2023, COLOTRUST EDGE possessed a weighted average maturity of 176 days and a weighted average life of 203 days.

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 FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Streets	\$ 144,393	\$ -	\$ -	\$ 144,393
Lights	73,008	-	-	73,008
Perimeter Wall	694,762	-	-	694,762
Entryway	79,942	-	-	79,942
Total Capital Assets Being Depreciated	<u>992,105</u>	<u>-</u>	<u>-</u>	<u>992,105</u>
Accumulated Depreciation:				
Streets	142,592	1,801	-	144,393
Lights	72,092	916	-	73,008
Perimeter Wall	440,123	19,850	-	459,973
Entryway	51,577	2,284	-	53,861
Total Accumulated Depreciation	<u>706,384</u>	<u>24,851</u>	<u>-</u>	<u>731,235</u>
Total Capital Assets Being Depreciated, Net	<u>285,721</u>	<u>24,851</u>	<u>-</u>	<u>260,870</u>
Governmental Activities Capital Assets, Net	<u>\$ 285,721</u>	<u>\$ 24,851</u>	<u>\$ -</u>	<u>\$ 260,870</u>

Depreciation expense is allocated to the District's public works function.

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Water System	\$ 177,796	\$ -	\$ -	\$ 177,796
Sewer System	330,057	-	-	330,057
Total Capital Assets Being Depreciated	<u>507,853</u>	<u>-</u>	<u>-</u>	<u>507,853</u>
Accumulated Depreciation:				
Water System	151,927	2,581	-	154,508
Sewer System	201,095	4,030	-	205,125
Total Accumulated Depreciation	<u>353,022</u>	<u>6,611</u>	<u>-</u>	<u>359,633</u>
Total Capital Assets Being Depreciated, Net	<u>154,831</u>	<u>6,611</u>	<u>-</u>	<u>148,220</u>
Business-type Activities Capital Assets, Net	<u>\$ 154,831</u>	<u>\$ 6,611</u>	<u>\$ -</u>	<u>\$ 148,220</u>

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 5 – LONG-TERM DEBT

Long-term debt of the District is as follows:

	Balance December 31, 2022	New Issues	Retirements	Balance December 31, 2023	Due Within One Year
General Obligation Bonds, Series 2014	\$ 28,000	\$ -	\$ 28,000	\$ -	\$ -

On March 19, 2014, the District issued \$250,000 of General Obligation Bonds to fund water and wastewater improvements. The Bond, a term bond maturing on December 1, 2023, is subject to mandatory sinking fund redemption prior to the maturity date of the Bond beginning on December 1, 2014, and continuing until December 1, 2023. The bonds bear interest at 3%, payable semiannually on June 1 and December 1, commencing June 1, 2014. The Bond is subject to optional redemption prior to maturity, at the option of the District, in whole or in part and if in part by lot, on December 1, 2020, and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

NOTE 6 – DEBT AUTHORIZATION

On November 3, 2013, a majority of the District’s electors authorized the issuance of indebtedness in an amount not to exceed \$500,000 at an interest rate not to exceed 7% per annum.

	Amount Authorized on November 5, 2013	Authorization Used Series 2014 Bonds	Authorized but Unissued
Water Distribution System	\$ 200,000	\$ 100,000	\$ 100,000
Wastewater Collection System	300,000	150,000	150,000
	<u>\$ 500,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7 – RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (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 8 – RELATED PARTY

All of the members of the District's Board of Directors are also on the Board of Directors of the Country Homes Association, Inc., a Colorado Nonprofit Corporation. The Association was created to perform services and to own land within the subdivision. The District and the Association serve common homeowners.

NOTE 9 – INTERFUND TRANSFERS

Upon the final payment being made on the Series 2014 Bonds, the remaining fund balance in the Debt Service Fund was transferred to the Water and Sewer Fund.

NOTE 10 – 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

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

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

On November 7, 2006, the District's electors approved the following ballot issue:

Shall Country Homes Metropolitan District (without increasing existing tax rates, or imposing a new tax) be authorized to collect, retain and spend all revenues from whatever source beginning in 2006 and in each year thereafter as a voter approved revenue change and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, the 5.5% property tax revenue limit of section 29-1-301, C.R.S., or any other law?

On November 5, 2013, the District's electors approved the following ballot issues:

Shall Country Homes Metropolitan District, Parcels A and B debt be increased up to \$300,000, with a repayment cost of up to \$595,000; and shall district taxes be increased up to \$30,000 annually, or by such lesser amount as may be necessary to pay the District's debt; such debt to consist of general obligation bonds or other multi-fiscal year financial obligations, including contracts, issued or to be issued for the purpose of paying all or any part of the cost of rehabilitating the District's wastewater collection system and related improvements; such debt to bear interest at a net effective Interest rate not to exceed 7% per annum and be payable from any legally available revenues, including a mill levy without limitation of rate and in amounts sufficient to pay the principal of, premium, if any, and interest on such debt, and have such terms and conditions as the District may determine, and shall such tax revenues be collected, retained and spent as a voter approved revenue change?

Shall Country Homes Metropolitan District, Parcels A and B debt be increased up to \$200,000, with a repayment cost of up to \$395,000; and shall district taxes be increased up to \$20,000 annually, or by such lesser amount as may be necessary to pay the District's debt; such debt to consist of general obligation bonds or other multi-fiscal year financial obligations, including contracts, issued or to be issued for the purpose of paying all or any part of the cost of rehabilitating the District's potable water distribution system and related improvements; such debt to bear interest at a net effective Interest rate not to exceed 7% per annum and be payable

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

from any legally available revenues, including a mill levy without limitation of rate and in amounts sufficient to pay the principal of, premium, if any, and interest on such debt, and have such terms and conditions as the District may determine, and shall such tax revenues be collected, retained and spent as a voter approved revenue change?

SUPPLEMENTARY INFORMATION

THE COUNTRY HOMES METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Year Ended December 31, 2022)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>2022 Actual</u>
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 36,598
Net Investment Income	50	11	11	-	150
Total Revenues	<u>50</u>	<u>11</u>	<u>11</u>	<u>-</u>	<u>36,748</u>
Expenditures					
Current					
County Treasurer's Fees	-	-	-	-	551
Debt service					
Principal	28,000	28,000	28,000	-	27,000
Interest	840	840	840	-	1,650
Paying Agent Fees	700	500	500	-	500
Total Expenditures	<u>29,540</u>	<u>29,340</u>	<u>29,340</u>	<u>-</u>	<u>29,701</u>
Excess Revenues Over (Under)					
Expenditures	<u>(29,490)</u>	<u>(29,329)</u>	<u>(29,329)</u>	<u>-</u>	<u>7,047</u>
Other Financing Sources (Uses)					
Transfers Out	-	(6,244)	(6,244)	-	-
Net Change in Fund Balance	<u>(29,490)</u>	<u>(35,573)</u>	<u>(35,573)</u>	<u>-</u>	<u>7,047</u>
Fund Balance - Beginning of Year	<u>35,551</u>	<u>35,573</u>	<u>35,573</u>	<u>-</u>	<u>28,526</u>
Fund Balance - End of Year	<u>\$ 6,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,573</u>

See the Independent Auditor's Report

THE COUNTRY HOMES METROPOLITAN DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

WATER AND SEWER ENTERPRISE FUND

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2022 Actual
Revenues				
Property Taxes - Parcel A	\$ 40,063	\$ 40,063	\$ -	\$ 38,323
Property Taxes - Parcel B	12,593	12,593	-	12,832
Specific Ownership Taxes	3,900	3,450	(450)	4,282
Net Investment Income	50	614	564	350
Tap Fees	-	-	-	13,700
Inspection/Disconnect Fees	-	450	450	-
Transfers In	-	6,244	6,244	-
Total Revenues	56,606	63,414	6,808	69,487
Expenditures				
Legal	18,000	19,951	(1,951)	22,232
Accounting	4,200	4,900	(700)	4,365
Insurance	7,500	8,629	(1,129)	7,456
County Treasurer Fees	800	792	8	771
Office/Election	500	341	159	68
Management Fees	3,300	3,300	-	3,300
Maintenance-Sewer	10,000	4,279	5,721	5,808
Maintenance-Water	50,000	54,044	(4,044)	75
Engineering Services	5,000	1,628	3,372	310
Audit	4,200	4,000	200	4,000
Miscellaneous Expense	2,000	233	1,767	526
Contingency	10,000	-	10,000	-
Total Expenditures	115,500	102,097	13,403	48,911
Excess Revenue Over (Under)				
Expenditures	(58,894)	(38,683)	20,211	20,576
Funds Available - Beginning	183,357	205,459	22,102	184,883
Funds Available - Ending	\$ 124,463	\$ 166,776	\$ 42,313	\$ 205,459
Funds Available is Computed as Follows:				
Current Assets		\$ 242,670		\$ 260,163
Current Liabilities and Deferred Inflows of Resources		(75,894)		(54,704)
		\$ 166,776		\$ 205,459

See the Independent Auditor's Report

OTHER INFORMATION

THE COUNTRY HOMES METROPOLITAN DISTRICT

**Schedule of Assessed Valuation, Mill Levy and
Property Taxes Collected**

Levy Year	Collection Year	Assessed Valuation		Mill Levies			
		Parcel A	Parcel B	Operating (1)	Debt (2)	Water/Sewer	
						Parcel A	Parcel B
2012	2013	\$ 8,051,960	\$ 1,763,650	10.235	-	4.415	5.322
2013	2014	7,706,990	1,695,360	10.235	3.300	4.415	5.322
2014	2015	7,649,691	1,695,368	10.235	3.300	4.415	5.322
2015	2016	8,081,881	1,974,284	10.235	3.300	4.415	5.322
2016	2017	7,986,210	1,974,414	10.235	3.300	4.415	5.322
2017	2018	8,096,197	1,878,356	10.235	3.300	4.415	5.322
2018	2019	8,279,757	1,979,616	10.235	3.300	4.415	5.322
2019	2020	8,807,175	2,441,814	10.235	3.300	4.415	5.322
2020	2021	8,892,205	2,478,810	10.235	3.300	4.415	5.322
2021	2022	8,693,460	2,411,107	10.235	3.300	4.415	5.322
2022	2023	9,074,234	2,366,210	10.235	0.000	4.415	5.322
2023	2024	\$ 12,551,675	\$ 2,693,421	10.235	0.000	4.415	5.322

Levy Year	Collection Year	Total Levy				Current Collection	Collection Rate
		Operating	Debt (2)	Water/Sewer	Total		
2012	2013	\$ 82,412	\$ -	\$ 44,936	\$ 127,348	\$ 127,347	100.00%
2013	2014	78,881	31,028	43,049	152,958	151,917	99.32%
2014	2015	78,295	30,839	42,796	151,930	151,930	100.00%
2015	2016	82,718	33,185	46,189	162,092	161,806	99.82%
2016	2017	81,739	32,870	45,767	160,376	160,376	100.00%
2017	2018	82,865	32,916	45,742	161,523	160,178	99.17%
2018	2019	84,743	33,856	47,091	165,690	165,690	100.00%
2019	2020	90,141	37,122	51,879	179,142	178,321	99.54%
2020	2021	91,012	37,524	52,451	180,987	179,720	99.30%
2021	2022	88,978	36,645	51,214	176,837	176,579	99.85%
2022	2023	92,875	-	52,656	145,531	145,531	100.00%

Estimated for
Year Ending
December 31,
2024

\$ 128,466 \$ - \$ 69,750 \$ 198,216

- (1) Property taxes levied on Parcel A Only
- (2) Property taxes levied on Parcels A and B

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Arapahoe County Treasurer does not permit identification of specific year of levy.

Source: Arapahoe County Assessor and Treasurer.