

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**Arapahoe County, Colorado**

**Financial Statements**

**December 31, 2025**

# THE COUNTRY HOMES METROPOLITAN DISTRICT

## Table of Contents

	<u>Page</u>
<b>Independent Auditor’s Report</b> .....	I
<b>Management’s Discussion and Analysis</b> .....	IV
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position .....	1
Statement of Activities .....	2
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet.....	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in Fund Balances.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities.....	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	7
<b>Proprietary Fund</b>	
Statement of Net Position .....	8
Statement of Revenues, Expenses and Changes in Net Position .....	9
Statement of Cash Flows .....	10
<b>Notes to the Financial Statements</b> .....	11
<b>Supplementary Information</b>	
Schedule of Revenue, Expenditures and Changes in Funds Available – Water and Sewer Enterprise Fund – Budget and Actual (Budgetary Basis).....	24
<b>Other Information</b>	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected .....	25



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Dazzio & Associates, PC

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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, 2025, 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, 2025, 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 IV–XI 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.*

April 13, 2026

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# THE COUNTRY HOMES METROPOLITAN DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

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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, 2025. 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 2025 by \$1,354,242: \$1,012,809 in governmental activities net position and \$341,433 in business-type activities net position.
- The District's total net position increased by \$115,851. Net position of the District's governmental activities increased \$105,718. Net position of the business-type activities increased \$10,133.
- Total revenues decreased \$10,792, or 3.8%, compared to 2024. Governmental activities revenues decreased \$1,584, or .9%, to \$179,024 and revenues of business-type activities decreased \$9,208, or 9.2% to \$91,250 compared to 2024.
- The total cost of the District's programs decreased \$4,052 or 2.6%, compared to 2024. The cost of governmental activities program expenses decreased \$1,015, or 1.4% to \$73,306, and the cost of business-type activities decreased \$3,037, or 3.6% to \$81,117 from 2024.
- The District's general fund reported an ending fund balance of \$785,791, an increase of \$117,436 in comparison with the prior year. Of the ending general fund balance, 99%, or \$780,391 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, 2025

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### 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, 2025

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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 one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund.

The District adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement for the General Fund has 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 a budget to actual schedule for the water and sewer fund, as well as schedules presenting the District's 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 \$1,354,242 at the close of 2025. Governmental activities make up \$1,012,809 (75%) of this net position, with business-type activities making up the remaining

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**December 31, 2025**

\$341,433 (25%). Total net position increased \$115,851 in 2025. The increase is comprised of the following:

- Total assets increased \$136,915 to \$1,579,224 due to an increase in cash and investment balances of \$95,315, an increase in property taxes receivable (for collection in 2026) of 21,842 and an increase in net capital assets of 19,286.
- Total liabilities were essentially unchanged, decreasing just \$778 from \$6,120 to \$5,342.

**Table 1**  
**The Country Homes Metropolitan District**  
**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and other assets	\$ 928,067	\$ 797,372	\$ 249,684	\$ 262,750	\$ 1,177,751	\$ 1,060,122
Capital assets	227,018	238,736	174,455	143,451	401,473	382,187
Total assets	<u>1,155,085</u>	<u>1,036,108</u>	<u>424,139</u>	<u>406,201</u>	<u>1,579,224</u>	<u>1,442,309</u>
<b>Liabilities</b>						
Other liabilities	135	1,059	5,207	5,061	5,342	6,120
<b>Deferred Inflows of Resources</b>						
Property tax revenue	142,141	127,958	77,499	69,840	219,640	197,798
<b>Net position</b>						
Net Investment in Capital Assets	227,018	238,736	174,455	143,451	401,473	382,187
Restricted	5,400	5,500	2,800	3,100	8,200	8,600
Unrestricted	780,391	662,855	164,178	184,749	944,569	847,604
Total net position	<u>\$1,012,809</u>	<u>\$ 907,091</u>	<u>\$ 341,433</u>	<u>\$ 331,300</u>	<u>\$ 1,354,242</u>	<u>\$ 1,238,391</u>

A portion of the District’s net position (30%) reflects its investment of \$401,473 in capital assets (e.g., streets; water and sewer infrastructure). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the District’s net position, \$8,200 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$944,569 (69%).

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2025**

**B. Analysis of Changes in Net Position**

As presented in Table 2, the District's overall net position increased \$115,851 during 2025. 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>						
Program Revenue						
Permits, Fees, Fines and Charges For Services	\$ 13,000	\$ 2,000	\$ -	\$ -	\$ 13,000	\$ 2,000
Capital Grants and Contributions	-	-	10,600	24,700	10,600	24,700
General Revenue						
Property Taxes	127,925	130,099	69,833	70,904	197,758	201,003
Specific Ownership Taxes	6,955	7,564	3,796	4,107	10,751	11,671
Net Investment Income	31,144	40,945	7,021	747	38,165	41,692
<b>Total Revenue</b>	<b>179,024</b>	<b>180,608</b>	<b>91,250</b>	<b>100,458</b>	<b>270,274</b>	<b>281,066</b>
<b>Expenses</b>						
General Government	2,396	2,411	-	-	2,396	2,411
Public Works	70,910	71,910	-	-	70,910	71,910
Water and Sewer	-	-	81,117	84,154	81,117	84,154
<b>Total Expenses</b>	<b>73,306</b>	<b>74,321</b>	<b>81,117</b>	<b>84,154</b>	<b>154,423</b>	<b>158,475</b>
<b>Change In Net Position</b>	<b>105,718</b>	<b>106,287</b>	<b>10,133</b>	<b>16,304</b>	<b>115,851</b>	<b>122,591</b>
<b>Net Position - Beginning</b>	<b>907,091</b>	<b>800,804</b>	<b>331,300</b>	<b>314,996</b>	<b>1,238,391</b>	<b>1,115,800</b>
<b>Net Position - Ending</b>	<b>\$ 1,012,809</b>	<b>\$ 907,091</b>	<b>\$ 341,433</b>	<b>\$ 331,300</b>	<b>\$ 1,354,242</b>	<b>\$ 1,238,391</b>

# THE COUNTRY HOMES METROPOLITAN DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

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**Governmental Activities.** Net position of governmental activities increased \$105,718 compared to an increase of \$106,287 in 2024.

Governmental revenue decreased \$1,584 compared to 2024. The increase was due to an increase in road use fees of 11,000, while property tax collections decreased \$2,783 and investment earnings decreased \$9,801 due to lower average interest rates in 2025.

Governmental expenses decreased just \$1,015 compared to 2024.

**Business-type Activities.** Business-type activities increased the District's net position by \$10,133 to end at \$341,433 in total net position. Of this amount, \$174,455 represents net position invested in capital assets, \$2,800 is restricted and \$164,178 is unrestricted.

Revenue decreased \$9,208 due to collections of tap fees of \$24,700 in 2024 compared to \$10,600 in 2025, while expenses decreased just \$3,037 in 2025.

### 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, 2025, the District's general fund reported an ending fund balance of \$785,791, an increase of \$117,436. \$5,400 is restricted for TABOR emergencies and \$780,391 (99%) constitutes unassigned fund balance, which is available for spending at the District's discretion.

**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.

THE COUNTRY HOMES METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

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**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, 2025 amounts to \$401,473 (net of accumulated depreciation). The District invested approximately \$11,000 on a new solar panel and photocells for each light pole in the neighborhood. Additionally, the District's water system replaced two 8" Gate Valves at a cost of \$30,700.

<b>Capital Assets, Net</b>		
	<b>2025</b>	<b>2024</b>
<b>Governmental Activities</b>		
Lights	\$ 10,416	\$ -
Perimeter Wall	195,089	214,939
Entryway	21,513	23,797
Total, Net	<u>227,018</u>	<u>238,736</u>
<b>Business-type Activities</b>		
Water System	57,583	22,549
Sewer System	116,872	120,902
Total, Net	<u>174,455</u>	<u>143,451</u>
Grand Total, Net	<u>\$ 401,473</u>	<u>\$ 382,187</u>

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

**B. Long-term Obligations**

The District currently has no long-term obligations.

**Next Year's Budgets and Rates**

**Revenues**

Property Taxes

The District receives the majority of its revenue from property taxes. The District levied \$142,141 for general operations and \$77,499 for water and sewer operations, for collection in 2026.

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**December 31, 2025**

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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 to be higher than 2025.

Sewer System Expenditures

The District’s expenditures on its sanitary sewer collection system for 2026 are projected to be higher than 2025.

Water System Expenditures

In 2026, the District's expenditures on its water system are projected to be higher than 2025.

The District’s budget for 2026 is as follows:

	Budgeted	Budgeted	Net
	Revenue	Expenditures	Increase
			(Decrease)
General Fund	\$ 168,626	\$ 99,400	\$ 69,226
Water and Sewer Fun	88,364	146,300	(57,936)
Total	<u>\$ 256,990</u>	<u>\$ 245,700</u>	<u>\$ 11,290</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 Ireland Stapleton Pryor & Pascoe, PC, 1660 Lincoln Street, Suite 3000, Denver, Colorado 80264.

## **BASIC FINANCIAL STATEMENTS**

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**STATEMENT OF NET POSITION  
December 31, 2025**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Investments	\$ 785,324	\$ 160,624	\$ 945,948
Due from County Treasurer	602	328	930
Prepaid Expense	-	11,233	11,233
Property Taxes Receivable	142,141	77,499	219,640
Capital Assets, Net of Accumulated Depreciation	227,018	174,455	401,473
<b>Total Assets</b>	<b>1,155,085</b>	<b>424,139</b>	<b>1,579,224</b>
<b>Liabilities</b>			
Accounts Payable	135	5,207	5,342
<b>Deferred Inflows of Resources</b>			
Property Taxes	142,141	77,499	219,640
<b>Net Position</b>			
Net Investment in Capital Assets Restricted	227,018	174,455	401,473
Emergency Reserves	5,400	2,800	8,200
Unrestricted	780,391	164,178	944,569
<b>Total Net Position</b>	<b>\$ 1,012,809</b>	<b>\$ 341,433</b>	<b>\$ 1,354,242</b>

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, 2025

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
<b>Governmental Activities</b>							
General Government	\$ 2,396	\$ -	\$ -	\$ -	\$ (2,396)	\$ -	\$ (2,396)
Public Works	70,910	13,000	-	-	(57,910)	-	(57,910)
Total Governmental Activities	73,306	13,000	-	-	(60,306)	-	(60,306)
<b>Business-type Activities</b>							
Water and Sewer	81,117	-	-	10,600	-	(70,517)	(70,517)
Total	\$ 154,423	\$ 13,000	\$ -	\$ 10,600	(60,306)	(70,517)	(130,823)
General Revenues:							
			Property Taxes - Operating		127,925	69,833	197,758
			Specific Ownership Taxes		6,955	3,796	10,751
			Net Investment Income		31,144	7,021	38,165
			Total General Revenues		166,024	80,650	246,674
			Changes In Net Position		105,718	10,133	115,851
			Net Position - Beginning		907,091	331,300	1,238,391
			Net Position - Ending		\$ 1,012,809	\$ 341,433	\$ 1,354,242

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

THE COUNTRY HOMES METROPOLITAN DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2025

	<b>General Fund</b>
<b>Assets</b>	
Cash and Investments	\$ 785,324
Due from County Treasurer	602
Property Taxes Receivable	<u>142,141</u>
<b>Total Assets</b>	<u>\$ 928,067</u>
<b>Liabilities</b>	
Accounts Payable	<u>\$ 135</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>142,141</u>
<b>Fund Balance</b>	
Restricted for Emergency Reserves	5,400
Unassigned	<u>780,391</u>
<b>Total Fund Balance</b>	<u>785,791</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 928,067</u>

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

**THE COUNTRY HOMES METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**December 31, 2025**

<b>Total Fund Balances - Governmental Funds</b>	\$ 785,791
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>227,018</u>
<b>Net Position - Governmental Activities</b>	<u><u>\$ 1,012,809</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 FUND**  
**For the Year Ended December 31, 2025**

	<b>General Fund</b>
<b>Revenues</b>	
Property Taxes	\$ 127,925
Specific Ownership Taxes	6,955
Net Investment Income	31,144
Road Use Fees	13,000
<b>Total Revenues</b>	<b>179,024</b>
<b>Expenditures</b>	
Current	
Tree Maintenance	1,915
Flower Maintenance	8,906
Irrigation Water	10,492
Street Lights and Signs	11,125
Snow Removal	1,675
Property Maintenance	10,875
Wall Repair and Maintenance	1,291
Irrigation System Repairs	370
Holiday Lighting	8,000
Security Cameras	3,240
Utilities	1,303
General Government	473
County Treasurer Fees	1,923
<b>Total Expenditures</b>	<b>61,588</b>
<b>Net Change in Fund Balances</b>	<b>117,436</b>
<b>Fund Balances - Beginning</b>	<b>668,355</b>
<b>Fund Balances - Ending</b>	<b>\$ 785,791</b>

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 FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2025**

**Net Change in Fund Balances - Governmental Funds** \$ 117,436

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.

Capital Outlay	10,900
Depreciation Expense	<u>(22,618)</u>

**Change in Net Position - Governmental Activities** \$ 105,718

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, 2025**

**(With Comparative Actual Totals for the Year Ended December 31, 2024)**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>2024 Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 127,958	\$ 127,925	\$ (33)	\$ 130,099
Specific Ownership Taxes	8,200	6,955	(1,245)	7,564
Net Investment Income	25,000	31,144	6,144	40,945
Road Use Fees	-	13,000	13,000	2,000
<b>Total Revenues</b>	<b>161,158</b>	<b>179,024</b>	<b>17,866</b>	<b>180,608</b>
<b>Expenditures</b>				
Current				
Tree Maintenance	3,000	1,915	1,085	4,727
Flower Maintenance	9,500	8,906	594	8,702
Irrigation Water	8,000	10,492	(2,492)	6,914
Street Repairs	1,000	-	1,000	-
Street Lights and Signs	13,000	11,125	1,875	212
Snow Removal	5,000	1,675	3,325	2,400
Property Maintenance	11,000	10,875	125	10,016
Wall Repair and Maintenance	-	1,291	(1,291)	15,954
Irrigation System Repairs	2,000	370	1,630	-
Holiday Lighting	11,000	8,000	3,000	10,616
Security Cameras	4,000	3,240	760	2,930
Utilities	4,000	1,303	2,697	2,287
General Government	800	473	327	453
County Treasurer Fees	2,000	1,923	77	1,958
Election	5,000	-	5,000	-
Miscellaneous Expense	500	-	500	-
Contingency	15,000	-	15,000	-
<b>Total Expenditures</b>	<b>94,800</b>	<b>61,588</b>	<b>33,212</b>	<b>67,169</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>66,358</b>	<b>117,436</b>	<b>51,078</b>	<b>113,439</b>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	-	-	-	14,982
<b>Net Change in Fund Balance</b>	<b>66,358</b>	<b>117,436</b>	<b>51,078</b>	<b>128,421</b>
<b>Fund Balance - Beginning</b>	<b>628,062</b>	<b>668,355</b>	<b>40,293</b>	<b>539,934</b>
<b>Fund Balance - Ending</b>	<b>\$ 694,420</b>	<b>\$ 785,791</b>	<b>\$ 91,371</b>	<b>\$ 668,355</b>

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, 2025

	<u>Water and Sewer Fund</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 160,624
Due from County Treasurer	328
Property Taxes Receivable	77,499
Prepaid Insurance	11,233
Total Current Assets	<u>249,684</u>
<b>Noncurrent Assets</b>	
Property & Equipment, Net	<u>174,455</u>
Total Assets	<u>424,139</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	<u>5,207</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>77,499</u>
<b>Net Position</b>	
Investment in Capital Assets	174,455
Restricted for TABOR Emergencies	2,800
Unrestricted	164,178
<b>Total Net Position</b>	<u><u>\$ 341,433</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, 2025**

	<b>Water and Sewer Fund</b>
<b>Operating Expense</b>	
Legal	\$ 30,634
Accounting	6,894
Insurance	10,534
County Treasurer Fees	1,049
Office/Election	41
Management Fees	3,300
Maintenance-Sewer	3,510
Maintenance-Water	9,573
Engineering Services	3,325
Audit	4,800
Miscellaneous Expense	1,242
Depreciation	6,215
Total Operating Expenses	81,117
<b>Operating Loss</b>	<b>(81,117)</b>
<b>Nonoperating Revenues</b>	
Property Taxes - Parcel A	55,191
Property Taxes - Parcel B	14,642
Specific Ownership Taxes	3,796
Net Investment Income	7,021
Total Nonoperating Revenues	80,650
<b>Income Before Contributions and Transfers</b>	<b>(467)</b>
Capital Contributions - Tap Fees	10,600
<b>Change In Net Position</b>	<b>10,133</b>
<b>Net Position - Beginning</b>	<b>331,300</b>
<b>Net Position - Ending</b>	<b>\$ 341,433</b>

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, 2025**

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Payments to Suppliers for Goods and Services	\$ (75,455)
<b>Cash Flows from Noncapital Financing Activities</b>	
Property Taxes	69,833
Specific Ownership Taxes	3,875
Net Cash Provided by Noncapital Financing Activities	73,708
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital Contributions	10,600
Acquisition and Construction of Capital Assets	(37,219)
<b>Cash Flows from Investing Activities</b>	
Net Investment Income	7,021
<b>Net Increase in Cash and Cash Equivalents</b>	(21,345)
<b>Cash and Cash Equivalents - Beginning</b>	181,969
<b>Cash and Cash Equivalents - Ending</b>	\$ 160,624
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>	
Operating Loss	\$ (81,117)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	6,215
Effect of Changes In Operating Assets and Liabilities	
Prepaid Expense	(699)
Accounts Payable	146
Total Adjustments	5,662
Net Cash Used by Operating Activities	\$ (75,455)

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, 2025

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### 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.

### 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 COUNTRY HOMES METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

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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 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 COUNTRY HOMES METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

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The District reports the following major governmental fund:

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

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.

### **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 COUNTRY HOMES METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

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### **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.

### **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, 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

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2025**

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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	15 years to 40 years
Water and Sewer Systems	10 years to 40 years
Entryway and Fence	35 years

**Deferred Inflows of Resources**

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.

**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.

# THE COUNTRY HOMES METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

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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.

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 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 8).

*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

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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 cash deposits and investments are presented as follows at December 31, 2025:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash	\$ 29,725	\$ -	\$ 29,725
Investments	762,044	154,179	916,223
Total	<u>\$ 791,769</u>	<u>\$ 154,179</u>	<u>\$ 945,948</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, 2025

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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, 2025, the District's cash deposits had a bank and a carrying balance of \$29,725.

### **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 Revised 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, 2025**

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At December 31, 2025, 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>\$ 916,223</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 Section 24-75-601, C.R.S.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601, C.R.S, 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 Section 24-75-601, C.R.S.

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 AA Af/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, 2025**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2025 was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Being Depreciated:				
Streets	\$ 144,393	\$ -	\$ -	\$ 144,393
Lights	73,008	10,900	-	83,908
Perimeter Wall	694,762	-	-	694,762
Entryway	79,942	-	-	79,942
Total Capital Assets Being Depreciated	<u>992,105</u>	<u>10,900</u>	<u>-</u>	<u>1,003,005</u>
Accumulated Depreciation:				
Streets	144,393	-	-	144,393
Lights	73,008	484	-	73,492
Perimeter Wall	479,823	19,850	-	499,673
Entryway	56,145	2,284	-	58,429
Total Accumulated Depreciation	<u>753,369</u>	<u>22,618</u>	<u>-</u>	<u>775,987</u>
Total Capital Assets Being Depreciated, Net	<u>238,736</u>	<u>33,518</u>	<u>-</u>	<u>227,018</u>
Governmental Activities Capital Assets, Net	<u>\$ 238,736</u>	<u>\$ 33,518</u>	<u>\$ -</u>	<u>\$ 227,018</u>

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

<b>Business-type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Being Depreciated:				
Water System	\$ 177,796	\$ 37,219	\$ -	\$ 215,015
Sewer System	330,057	-	-	330,057
Total Capital Assets Being Depreciated	<u>507,853</u>	<u>37,219</u>	<u>-</u>	<u>545,072</u>
Accumulated Depreciation:				
Water System	155,247	2,185	-	157,432
Sewer System	209,155	4,030	-	213,185
Total Accumulated Depreciation	<u>364,402</u>	<u>6,215</u>	<u>-</u>	<u>370,617</u>
Total Capital Assets Being Depreciated, Net	<u>143,451</u>	<u>43,434</u>	<u>-</u>	<u>174,455</u>
Business-type Activities Capital Assets, Net	<u>\$ 143,451</u>	<u>\$ 43,434</u>	<u>\$ -</u>	<u>\$ 174,455</u>

THE COUNTRY HOMES METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

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**NOTE 5 – 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.

	<b>Amount Authorized on November 5, 2013</b>	<b>Authorization Used Series 2014 Bonds</b>	<b>Authorized but Unissued</b>
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>

**NOTE 6 – 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 7 – 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.

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2025**

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**NOTE 8 – TAX SPENDING AND DEBT LIMITATIONS**

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

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

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

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

**THE COUNTRY HOMES METROPOLITAN DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2025**

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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 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?

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenue that apply to certain local governments within the State of Colorado.

Annual operating revenue from property taxes is generally limited to a 10.50% increase over a two-year period; such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

**SUPPLEMENTARY INFORMATION**

**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, 2025**

**(With Comparative Actual Totals for the Year Ended December 31, 2024)**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>2024 Actual</b>
<b>Revenues</b>				
Property Taxes - Parcel A	\$ 55,196	\$ 55,191	\$ (5)	\$ 56,130
Property Taxes - Parcel B	14,644	14,642	(2)	14,774
Specific Ownership Taxes	4,500	3,796	(704)	4,107
Net Investment Income	50	7,021	6,971	747
Tap Fees	-	10,600	10,600	24,700
<b>Total Revenues</b>	<b>74,390</b>	<b>91,250</b>	<b>16,860</b>	<b>100,458</b>
<b>Expenditures</b>				
Legal	27,000	30,634	(3,634)	27,182
Accounting	7,000	6,894	106	6,050
Insurance	9,000	10,534	(1,534)	8,874
County Treasurer Fees	1,100	1,049	51	1,067
Office/Election	500	41	459	87
Management Fees	3,500	3,300	200	3,300
Maintenance-Sewer	10,000	3,510	6,490	5,625
Maintenance-Water	50,000	46,792	3,208	18,389
Engineering Services	5,000	3,325	1,675	3,203
GIS Services	10,000	-	10,000	-
Audit	5,000	4,800	200	4,500
Miscellaneous Expense	2,000	1,242	758	1,108
Contingency	10,000	-	10,000	-
<b>Total Expenditures</b>	<b>140,100</b>	<b>112,121</b>	<b>27,979</b>	<b>79,385</b>
<b>Excess Revenue Over (Under)</b>				
<b>Expenditures</b>	(65,710)	(20,871)	44,839	21,073
<b>Funds Available - Beginning</b>	<b>181,263</b>	<b>187,849</b>	<b>6,586</b>	<b>166,776</b>
<b>Funds Available - Ending</b>	<b>\$ 115,553</b>	<b>\$ 166,978</b>	<b>\$ 51,425</b>	<b>\$ 187,849</b>
Funds Available is Computed as Follows:				
Current Assets		\$ 249,684		\$ 262,750
Current Liabilities and Deferred Inflows of Resources		(82,706)		(74,901)
		<b>\$ 166,978</b>		<b>\$ 187,849</b>

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 (1,3)	Debt (2)	Water/Sewer	Water/Sewer
						Parcel A	Parcel B (4)
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
2024	2025	12,502,017	2,751,568	10.235	0.000	4.415	5.322
2025	2026	15,318,195	3,468,404	9.279	0.000	4.003	4.666

Levy Year	Collection Year	Total Levy				Current Collection	Collection Rate
		Operating	Debt (2)	Water/Sewer	Total		
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%
2023	2024	128,466	-	69,750	198,216	201,003	101.41%
2024	2025	127,958	-	69,840	197,798	197,758	99.98%

Estimated for  
Year Ending  
December 31,  
2026

\$ 142,141    \$ -    \$ 77,499    \$ 219,640

- (1) Property taxes levied on Parcel A Only
- (2) Property taxes levied on Parcels A and B
- (3) Includes Temporary Mill Levy Rate Reduction of 1.368 mills for Levy Year 2025
- (4) Includes Temporary Mill Levy Rate Reduction of .656 mills for Levy Year 2025

**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.