



CHEROKEE METROPOLITAN DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
With Independent Auditors' Report**

YEAR ENDED DECEMBER 31, 2022

GENERAL MANAGER

Amy Lathen

CHEROKEE METROPOLITAN DISTRICT

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	i
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	9
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Funds	11
Statement of Revenue, Expenses and Change in Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Funds	13
Schedule of Revenue, Expenditures and Change in Fund Balance – Budget and Actual – General Fund	14
Schedule of Revenue, Expenditures and Change in Fund Balance – Budget and Actual – Parks Fund	15
Notes to the Financial Statements	16
SUPPLEMENTAL INFORMATION:	
Schedule of Revenue, Expenses and Changes in Net Position (Non-GAAP Budgetary Basis) – Water and Wastewater Enterprise Fund	37
Schedule of Revenue, Expenses and Changes in Net Position (Non-GAAP Budgetary Basis) – Golf Course Enterprise Fund	38
Debt Service Coverage and Reserve Requirements	39

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cherokee Metropolitan District
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Cherokee Metropolitan District, (the District) as of and for the year ended December 31, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 37 through 39 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Stockman Kast Ryan + Co. LLP

October 2, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

CHEROKEE METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) is presented to provide an overview of the financial activities and conditions for the fiscal year ended on December 31, 2022. The MD&A contains information currently known to management as of the date of the auditor's report. The MD&A should be read in conjunction with the District's financial statements that accompany this report.

FINANCIAL HIGHLIGHTS

- Total Assets equaled \$200,718,900 for 2022.
- Cash, Cash Equivalents, and Investments as of December 31, 2022, were \$53,195,425.
- Total Liabilities, as of December 31, 2022, equaled \$68,561,230.
- Net Position, as of December 31, 2022, totaled \$132,157,670.
- Governmental change in Net Position from 2021 to 2022 totaled (\$9,511).
- Business-type change in Net Position from 2021 to 2022 totaled \$16,064,737.

FINANCIAL STATEMENTS

The financial statements consist of three parts - management discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two are government-wide statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

Government-wide Statements — The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report on the District's net position and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial status, or financial position. Over time increases or decreases in the District's net position is one indicator whether its financial health is improving or deteriorating.

Fund Financial Statements — The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds, not the District as a whole. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds — The activity of the District's General fund is reported as a governmental fund, which focuses on how money flows into and out of the General fund. This fund is reported using the modified accrual accounting method, which measures cash and all of the other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs.

Proprietary (Enterprise) Funds — The activity of the District Enterprise funds is to report the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's Enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provides more detailed and additional information, such as cash flows.

District Specific — The Cherokee Metropolitan District utilizes two separate financial categories of activities; one for the general district functions and one for the enterprise, or business-type functions. Each of these, in turn, is segregated into operational and capital functions. Together, these comprise the overall government-wide statements. The Governmental, or general, category covers the public functions involving street lighting and parks. The Proprietary, or Business-type, category involves the public provision of water, wastewater, reuse water, related administration, and golf course functions. The Governmental functions are funded by fees and conservation trust funds. The Proprietary functions are funded by water and sewer user charges, tap fees, golf fees, and, similarly, bond financing when required for capital projects.

FINANCIAL POSITION & RESULTS FROM OPERATIONS

NET POSITION:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSET						
Other	\$ 382,092	\$ 55,728,953	\$ 56,111,045	\$ 526,884	\$ 61,831,198	\$ 62,358,082
Capital	613,310	143,994,545	144,607,855	481,939	124,330,934	124,812,873
Total assets	\$ 995,402	\$ 199,723,498	\$ 200,718,900	\$ 1,008,823	\$ 186,162,132	\$ 187,170,955

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
LIABILITIES						
Current	\$ 4,752	\$ 6,054,265	\$ 6,059,017	\$ 8,662	\$ 6,724,362	\$ 6,733,024
Long-term		62,502,213	62,502,213		64,335,487	64,335,487
Total liabilities	<u>\$ 4,752</u>	<u>\$ 68,556,478</u>	<u>\$ 68,561,230</u>	<u>\$ 8,662</u>	<u>\$ 71,059,849</u>	<u>\$ 71,068,511</u>
NET POSITION						
Net investment in capital assets	\$ 613,310	\$ 79,882,285	\$ 80,495,595	\$ 481,939	\$ 58,459,321	\$ 58,941,260
Restricted position	514,019	12,028,745	12,542,764	432,739	28,824,361	29,257,100
Unrestricted position	(136,679)	39,255,990	39,119,311	85,483	27,818,601	27,904,084
Total net position	<u>\$ 990,650</u>	<u>\$ 131,167,020</u>	<u>\$ 132,157,670</u>	<u>\$ 1,000,161</u>	<u>\$ 115,102,283</u>	<u>\$ 116,102,444</u>

Condensed Statements of Activities for the years ended December 31, 2022 and 2021

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Charges for service	\$ 330,927	\$ 15,791,383	16,122,310	\$ 323,597	\$ 15,105,022	15,428,619
Operating grants and contributions	155,141		155,141	150,525		150,525
Capital grants and contributions		10,266,647	10,266,647		6,899,413	6,899,413
Investment earnings	7,800	661,997	669,797	366	27,839	28,205
Other revenues		1,628,287	1,628,287		2,657,038	2,657,038
Total revenues	<u>\$ 493,868</u>	<u>\$ 28,348,314</u>	<u>\$ 28,842,182</u>	<u>\$ 474,488</u>	<u>\$ 24,689,312</u>	<u>\$ 25,163,800</u>
FUNCTIONAL						
Street lights	132,421		132,421	126,955		126,955
Parks	370,958		370,958	317,994		317,994
Water and wastewater		10,899,322	10,899,322		10,741,843	10,741,843
Golf Course		1,384,255	1,384,255		1,219,884	1,219,884
Total expenditures	<u>\$ 503,379</u>	<u>\$ 12,283,577</u>	<u>\$ 12,786,956</u>	<u>\$ 444,949</u>	<u>\$ 11,961,727</u>	<u>\$ 12,406,676</u>
Change in net position	(9,511)	16,064,737	16,055,226	29,539	12,727,585	12,757,124
Net position beginning of year	1,000,161	115,102,283	116,102,444	970,622	102,374,698	103,345,320
Net position end of year	<u>\$ 990,650</u>	<u>\$ 131,167,020</u>	<u>\$ 132,157,670</u>	<u>\$ 1,000,161</u>	<u>\$ 115,102,283</u>	<u>\$ 116,102,444</u>

Governmental Activities experienced a slight decrease in net position in 2022. Business-type Activities exhibited a positive change in net position primarily attributable to a substantial amount of taps being sold in 2022, and increasing investment interest rates mid to late 2022 boosting interest income for the year.

ANALYSIS OF POSITION

The overall financial position of the District increased during 2022, due to continued monitoring of operating expenditures and increasing revenue due to residential building growth and increased player activity at the District's Golf Course.

Capital assets for both Governmental and Business-type Activities increased as the District continues to make improvements to its parks, golf course and water and wastewater infrastructure. The construction of the TDS Reduction Project continued in 2022. This project alone accounted for almost \$20 million of the District's total Enterprise Funds' Capital of \$22,325,948 added in 2022. This project will assist the District in meeting the State mandate to reduce the TDS (Total Dissolved Solids) level in the District's wastewater outflow.

CAPITAL ASSETS:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Water and Wastewater Fund and Golf course	\$ -	\$ 183,888,994	\$ 183,888,994	\$ -	\$ 161,563,046	\$ 161,563,046
Street light and and park improvements	1,349,301		1,349,301	1,135,845		1,135,845
Accumulated depreciation	(735,991)	(39,329,449)	(40,065,440)	(653,906)	(36,667,112)	(37,321,018)
Impairment		(565,000)	(565,000)		(565,000)	(565,000)
Total capital assets, net	\$ 613,310	\$ 143,994,545	\$ 144,607,855	\$ 481,939	\$ 124,330,934	\$ 124,812,873

The District's long-term liabilities decreased during 2022 by over \$1,750,000 in the Water and Wastewater Enterprise fund due to the District partially refunding and refinancing the 2012 and 2013 Revenue bonds in 2021. The refinancing of these bonds resulted in a substantial decrease in interest expense for future years.

LONG-TERM DEBT:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds payable	\$ -	\$ 58,176,794	\$ 58,176,794	\$ -	\$ 59,021,319	\$ 59,021,319
Notes payable		5,935,466	5,935,466		6,850,294	6,850,294
Total debt	\$ -	\$ 64,112,260	\$ 64,112,260	\$ -	\$ 65,871,613	\$ 65,871,613

FUTURE TRENDS AND ECONOMIC FACTORS

Cherokee Metropolitan District's financial position continued at a steady pace in 2022. Residential building and construction on two new apartment complexes and other multi-family dwellings continued. The District's Golf Course continued to welcome many new customers while keeping fees competitive.

The District continued construction of a Reverse Osmosis Plant in 2022. Construction is expected to be complete, and the Plant should be fully operational by the second quarter of 2023. Water return flow quality limits imposed by the State of Colorado made it necessary for the District to construct this multi-million dollar facility to remedy the situation. The District issued bonds in 2020 to fund the construction of the Plant that has enabled the District to build the plant and to meet the State-mandated order.

The District continues to look to purchase new and renewable water resources. This will help secure resources necessary for future growth and to improve return flow qualities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Cherokee Metropolitan District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Amy Lathen, General Manager, at (719) 597-5080.

BASIC FINANCIAL STATEMENTS

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 40,916,693	\$ 40,916,693
Cash and cash equivalents, restricted	501,364	11,777,368	12,278,732
Total cash and cash equivalents	<u>501,364</u>	<u>52,694,061</u>	<u>53,195,425</u>
Accounts receivable	-	2,419,640	2,419,640
Interest receivable	-	72,504	72,504
Loan receivable	-	47,221	47,221
Inventories	-	64,881	64,881
Prepaid expenses	6,385	304,989	311,374
Due (to) from other funds	(125,657)	125,657	-
Capital assets, net of accumulated depreciation	<u>613,310</u>	<u>143,994,545</u>	<u>144,607,855</u>
Total assets	<u>995,402</u>	<u>199,723,498</u>	<u>200,718,900</u>
LIABILITIES			
Accounts payable	4,752	2,745,450	2,750,202
Accrued expenses	-	238,284	238,284
Accrued interest	-	810,266	810,266
Customer deposits	-	251,377	251,377
Unearned revenue	-	351,620	351,620
Interfund Loan payable	-	47,221	47,221
Long-term liabilities			
Due within one year	-	1,610,047	1,610,047
Due in more than one year	-	62,502,213	62,502,213
Total liabilities	<u>4,752</u>	<u>68,556,478</u>	<u>68,561,230</u>
NET POSITION			
Net investment in capital assets	613,310	79,882,285	80,495,595
Restricted	514,019	12,028,745	12,542,764
Unrestricted	(136,679)	39,255,990	39,119,311
Total net position	<u>\$ 990,650</u>	<u>\$ 131,167,020</u>	<u>\$ 132,157,670</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Lighting	\$ 132,421	\$ 143,634	\$ -	\$ -	\$ 11,213	\$ -	\$ 11,213
Parks	370,958	187,293	155,141	-	(28,524)	-	(28,524)
General government	<u>\$ 503,379</u>	<u>\$ 330,927</u>	<u>\$ 155,141</u>	<u>\$ -</u>	<u>(17,311)</u>	<u>-</u>	<u>(17,311)</u>
Business-type activities:							
Water and Wastewater Fund	\$ 10,899,322	\$ 14,231,777	\$ -	\$ 10,266,647	-	13,599,102	13,599,102
Golf Course Fund	1,384,255	1,559,606	-	-	-	175,351	175,351
Total	<u>\$ 12,283,577</u>	<u>\$ 15,791,383</u>	<u>\$ -</u>	<u>\$ 10,266,647</u>	<u>-</u>	<u>13,774,453</u>	<u>13,774,453</u>
General revenue:							
					7,800	661,997	669,797
					-	703,240	703,240
					-	925,047	925,047
					<u>7,800</u>	<u>2,290,284</u>	<u>2,298,084</u>
					<u>(9,511)</u>	<u>16,064,737</u>	<u>16,055,226</u>
					<u>1,000,161</u>	<u>115,102,283</u>	<u>116,102,444</u>
					<u>\$ 990,650</u>	<u>\$ 131,167,020</u>	<u>\$ 132,157,670</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	General Fund	Parks Fund	Total Governmental Funds
ASSETS			
Restricted cash and cash equivalents	\$ -	\$ 501,364	\$ 501,364
Prepaid expense	-	6,385	6,385
Due from other funds	181,930	-	181,930
Total assets	\$ 181,930	\$ 507,749	\$ 689,679
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ -	\$ 4,752	\$ 4,752
Due to other funds	-	307,587	307,587
Total liabilities	-	312,339	312,339
 FUND BALANCE			
Nonspendable:			
Prepaid expenditures	-	6,385	6,385
Restricted	12,655	501,364	514,019
Unassigned	169,275	(312,339)	(143,064)
Total fund balance	181,930	195,410	377,340
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 181,930	 \$ 507,749	 \$ 689,679

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

Total fund balance, governmental funds	\$ 377,340
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	613,310
 Net position of governmental activities	 \$ 990,650

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2022**

	General Fund	Parks Fund	Total Governmental Funds
REVENUE			
Fees	\$ 143,634	\$ 187,293	\$ 330,927
Conservation Trust funds	-	155,141	155,141
Interest/miscellaneous income	-	7,800	7,800
Total revenues	<u>143,634</u>	<u>350,234</u>	<u>493,868</u>
EXPENDITURES			
Lighting	132,421	-	132,421
Parks, landscape and open space	-	502,329	502,329
Total expenditures	<u>132,421</u>	<u>502,329</u>	<u>634,750</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>11,213</u>	<u>(152,095)</u>	<u>(140,882)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(11,213)	11,213	-
Total other financing sources	<u>(11,213)</u>	<u>11,213</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(140,882)</u>	<u>(140,882)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>181,930</u>	<u>336,292</u>	<u>518,222</u>
FUND BALANCE - END OF YEAR	<u>\$ 181,930</u>	<u>\$ 195,410</u>	<u>\$ 377,340</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ (140,882)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays for the period.	<u>131,371</u>
Change in net position - Governmental activities	<u><u>\$ (9,511)</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

ASSETS	Water and Wastewater Fund	Golf Course Fund	Total
Current assets			
Cash and cash equivalents	\$ 40,916,629	\$ 64	\$ 40,916,693
Accounts receivable	2,390,084	29,556	2,419,640
Interest receivable	72,504	-	72,504
Interfund loan receivable	47,221	-	47,221
Inventories	-	64,881	64,881
Prepaid expenses	291,402	13,587	304,989
Due from other funds	-	693,862	693,862
Total current assets	<u>43,717,840</u>	<u>801,950</u>	<u>44,519,790</u>
Non-current assets			
Restricted cash and cash equivalents	11,777,368	-	11,777,368
Capital assets, net of depreciation	<u>141,840,744</u>	<u>2,153,801</u>	<u>143,994,545</u>
Total non-current assets	<u>153,618,112</u>	<u>2,153,801</u>	<u>155,771,913</u>
TOTAL ASSETS	<u><u>\$ 197,335,952</u></u>	<u><u>\$ 2,955,751</u></u>	<u><u>\$ 200,291,703</u></u>
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable	\$ 2,739,923	\$ 5,527	\$ 2,745,450
Accrued expenses	237,604	680	238,284
Accrued interest	810,266	-	810,266
Due to other funds	568,205	-	568,205
Customer deposits	251,377	-	251,377
Unearned revenue	351,620	-	351,620
Interfund loan payable	-	47,221	47,221
Notes payable - current portion	940,047	-	940,047
Bonds payable - current portion	<u>670,000</u>	<u>-</u>	<u>670,000</u>
Total current liabilities	<u>6,569,042</u>	<u>53,428</u>	<u>6,622,470</u>
Non-current liabilities			
Notes payable	4,995,419	-	4,995,419
Bonds payable	<u>57,506,794</u>	<u>-</u>	<u>57,506,794</u>
Total non-current liabilities	<u>62,502,213</u>	<u>-</u>	<u>62,502,213</u>
Total liabilities	<u>69,071,255</u>	<u>53,428</u>	<u>69,124,683</u>
NET POSITION			
Net investment in capital assets	77,728,484	2,153,801	79,882,285
Restricted	12,028,745	-	12,028,745
Unrestricted	<u>38,507,468</u>	<u>748,522</u>	<u>39,255,990</u>
Total net position	<u>128,264,697</u>	<u>2,902,323</u>	<u>131,167,020</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 197,335,952</u></u>	<u><u>\$ 2,955,751</u></u>	<u><u>\$ 200,291,703</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2022

	Water and Wastewater Fund	Golf Course Fund	Total
OPERATING REVENUE			
Water sales	\$ 8,131,202	\$ -	\$ 8,131,202
Sewer services	5,374,313	-	5,374,313
TDS Surcharge	726,262	-	726,262
Golf revenue	-	1,227,773	1,227,773
Resale	-	331,833	331,833
Total operating revenue	<u>14,231,777</u>	<u>1,559,606</u>	<u>15,791,383</u>
OPERATING EXPENSES			
Water system	3,263,749	-	3,263,749
Wastewater system	2,191,346	-	2,191,346
Support services	901,151	-	901,151
Golf course operations	-	1,030,695	1,030,695
General and administrative	1,664,613	251,250	1,915,863
Depreciation	2,560,027	102,310	2,662,337
Total operating expenses	<u>10,580,886</u>	<u>1,384,255</u>	<u>11,965,141</u>
OPERATING INCOME	<u>3,650,891</u>	<u>175,351</u>	<u>3,826,242</u>
NONOPERATING REVENUE AND (EXPENSES)			
Tap fees	10,266,647	-	10,266,647
Interest income	661,997	-	661,997
Miscellaneous income	866,351	58,696	925,047
TDS Capital Contribution - Meridian	703,240	-	703,240
Interest expense	(318,436)	-	(318,436)
Total nonoperating revenue, net	<u>12,179,799</u>	<u>58,696</u>	<u>12,238,495</u>
CHANGE IN NET POSITION	<u>15,830,690</u>	<u>234,047</u>	<u>16,064,737</u>
NET POSITION - BEGINNING OF YEAR	<u>112,434,007</u>	<u>2,668,276</u>	<u>115,102,283</u>
NET POSITION - END OF YEAR	<u>\$ 128,264,697</u>	<u>\$ 2,902,323</u>	<u>\$ 131,167,020</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2022**

	Water and Wastewater Fund	Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,749,728	\$ 1,530,050
Cash payments to suppliers for goods and services	(6,541,863)	(726,060)
Cash payments to employees for services	(2,399,278)	(567,271)
Net cash provided by operating activities	4,808,587	236,719
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Change in due from other funds	210,811	(232,100)
Net cash provided by (used in) noncapital financing activities	210,811	(232,100)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions - tap fees	10,266,647	-
Miscellaneous income	866,351	58,696
Purchase of capital assets	(22,259,233)	(66,715)
Principal paid on debt	(1,759,353)	-
TDS Capital Contribution - Meridian	703,240	-
Payment received/made on interfund debt	55,566	(55,566)
Interest paid on debt	(621,726)	-
Net cash provided by (used in) capital and related financing activities	(12,748,508)	(63,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash funds swept to WWW checking account	924,269	(924,269)
Interest received	661,997	-
Net cash provided by (used in) investing activities	1,586,266	(924,269)
DECREASE IN CASH AND CASH EQUIVALENTS	(6,142,844)	(983,235)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	58,836,841	983,299
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 52,693,997	\$ 64
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,650,891	\$ 175,351
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,560,027	102,310
Effects of changes in operating assets and liabilities:		
Accounts receivable	(523,424)	(29,556)
Prepaid expense	(208,861)	(3,246)
Accounts payable	(634,641)	3,272
Accrued expenses	(76,780)	372
Inventories	-	(11,784)
Customer deposits	41,375	-
Net cash provided by operating activities	\$ 4,808,587	\$ 236,719

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original & Final</u>	<u>Actual</u>	
REVENUE			
Fees	\$ 141,450	\$ 143,634	\$ 2,184
Total Revenue	<u>141,450</u>	<u>143,634</u>	<u>2,184</u>
EXPENDITURES			
Lighting	128,000	132,421	(4,421)
Total Expenditures	<u>128,000</u>	<u>132,421</u>	<u>(4,421)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>13,450</u>	<u>11,213</u>	<u>(2,237)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(13,450)	(11,213)	2,237
Total other financing sources	<u>(13,450)</u>	<u>(11,213)</u>	<u>2,237</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>181,930</u>	<u>181,930</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 181,930</u>	<u>\$ 181,930</u>	<u>\$ -</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

**CHEROKEE METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARKS FUND
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE				
Fees	\$ 189,125	\$ 189,125	\$ 187,293	\$ (1,832)
Conservation Trust funds	135,000	154,000	155,141	1,141
Interest/miscellaneous income	250	7,800	7,800	-
Total Revenues	<u>324,375</u>	<u>350,925</u>	<u>350,234</u>	<u>(691)</u>
EXPENDITURES				
Parks, landscape and open space	289,050	288,873	288,873	-
Capital outlay	93,750	213,456	213,456	-
Total Expenditures	<u>382,800</u>	<u>502,329</u>	<u>502,329</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(58,425)</u>	<u>(151,404)</u>	<u>(152,095)</u>	<u>(691)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,450	11,213	11,213	-
Total other financing sources	<u>13,450</u>	<u>11,213</u>	<u>11,213</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(44,975)</u>	<u>(140,191)</u>	<u>(140,882)</u>	<u>(691)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>346,787</u>	<u>346,787</u>	<u>336,292</u>	<u>(10,495)</u>
FUND BALANCE - END OF YEAR	<u>\$ 301,812</u>	<u>\$ 206,596</u>	<u>\$ 195,410</u>	<u>\$ (11,186)</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and organization - Cherokee Metropolitan District (District) is a political subdivision of the State of Colorado. The District converted from Cherokee Water and Sanitation District on May 11, 1992. On May 11, 1992, Cimarron Hills Street Improvement District merged into Cherokee Metropolitan District. The District provides water and wastewater services and parks to residents of the District.

The District financial statements are prepared in accordance with the U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies used in the preparation of those financial statements follows.

Reporting entity - The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Government-wide and fund financial statements

Government- wide financial statements - The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities are financed to a significant extent by fees and charges.

The statement of activity demonstrates the degree to which direct expenses of a given function

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financial sources.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Those revenues susceptible to accrual are interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Parks Fund - The Parks Fund is accounted for as a special revenue fund. It is used to account for monies received by the District for the purpose of making necessary repairs and improvements to the District's parks.

The District reports the following major proprietary funds:

Water and Wastewater Enterprise Fund - The Water and Wastewater Enterprise Fund is used for activities of providing and processing water and wastewater.

Golf Course Enterprise Fund - The Golf Course Enterprise Fund is used to account for the operations of the golf course.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

An Enterprise Fund is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds - the Water and Wastewater Fund and the Golf Course Fund. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as the program revenue include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for service. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and investments - Cash and cash equivalents include cash on hand and in the bank, money market funds are short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash and investments. Investments are stated at fair value.

Receivables - All receivables are reported to their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Inventories and prepaid items - Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Due to and from other funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds”. In the government-wide financial statements, all internal balances have been substantially eliminated.

Restricted cash and investments - The use of certain cash investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is restricted by third party agreements.

Capital assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. street lights, signs and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

If proprietary fund assets are constructed, interest is capitalized on the assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Buildings, improvements, vehicles, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Street Lights	5-10 years
Park Improvements	10 years
Improvements	5-40 years
Buildings	40 years
Equipment	5-20 years
Transmission	5-50 years
Water Rights	50 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and change in net position.

Deferred outflows and inflows of resources - Deferred outflow and inflow of resources are a consumption or acquisition of net assets that is applicable to a future reporting period. The District does not have any of these items.

Compensated absences - Employees earn 80 hours of sick leave per year. Employees hired before January 1, 2015 may accumulate up to 480 hours. Upon retirement or voluntary termination, an employee is paid for up to 320 hours at the employee's current salary rate. Employees hired after January 1, 2015 may accumulate 80 hours of sick leave and are not paid for sick leave upon retirement or termination of service.

Employees earn vacation time in varying amounts based upon length of service. Employees are paid for unused vacation time upon termination.

The District has recorded a liability for compensated absences in the proprietary funds.

Long-term liabilities - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable premium or discount. Issue costs are reported as expense in the period incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balance classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District typically uses *Restricted* fund balances first, followed by *Committed* resources, then *Assigned* resources as appropriate opportunities arise, but reserves the right to selectively spend *Unassigned* resources first to defer the use of these other classified funds.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget information - The District follows these procedures in establishing the budgetary data reflected in the financial statements:

A. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted by the District to obtain taxpayer comments.

C. Prior to December 15, the budget is legally approved.

D. Any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

E. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.

F. The budget for the General and Parks Fund is adopted on a basis consistent with GAAP.

G. The budget for the Water and Wastewater and Gold Course Enterprise Funds is prepared on a basis of accounting other than GAAP, which is normal for proprietary funds. The primary differences are that bond proceeds are treated as a budget source, and capital expenditure and principal payments are treated as a budget use.

H. Budgeted amounts are as originally adopted or amended.

I. All annual appropriations lapse at the end of the year.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District's deposits and investments consist of the following at December 31, 2022:

	Cash and cash equivalents	Restricted cash and cash equivalents	Total
Deposits	\$ 30,554,917	\$ -	\$ 30,554,917
ColoTrust	10,361,776	12,278,732	22,640,508
Total	<u>\$ 40,916,693</u>	<u>\$ 12,278,732</u>	<u>\$ 53,195,425</u>

Reconciliation of cash and cash equivalents and investments to the government-wide financial statements at December 31, 2022, is:

	Cash and cash equivalents	Restricted cash and cash equivalents	Total
Governmental activities	\$ -	\$ 501,364	\$ 501,364
Business-type activities	40,916,693	11,777,368	52,694,061
Total	<u>\$ 40,916,693</u>	<u>\$ 12,278,732</u>	<u>\$ 53,195,425</u>

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

Cash equivalents - The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held.

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

At December 31, 2022, the carrying amount of the District's deposits was \$30,554,917 and the bank balances were \$30,700,975. Of the bank balances, \$250,000 was covered by federal depository insurance and \$30,450,975 falls under the provisions of the PDPA, which is collateralized in single institution pools.

The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market funds;
- Guaranteed investment contracts.

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level to unobservable inputs (level 3) as follows:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS- Continued

Level 2: Observable inputs other than quoted market prices.

Level 3: Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investments measured at NAV:

COLOTRUST	
Total investments measured at NAV	<u>\$22,640,508</u>

Investments Measured at NAV:

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. A twelve-member Board of Trustees, elected by the fund participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. COLOTRUST reports all investments as level 2 investments while the District's investment in COLOTRUST is reported at NAV. The District has no unfunded commitments or redemption restrictions on their investment in COLOTRUST. The separate audited financial statements of COLOTRUST are available on their website at www.colotrust.com.

Credit risk - State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2022, all of the District's investments were invested in COLOTRUST. COLOTRUST has a credit quality rating of "AAAm", as determined by Standard & Poor Global Ratings.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Interest rate risk - State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2022, consisted of the following:

User fees	\$ 1,568,537
IGA	151,126
Other	699,977
Total	<u>\$ 2,419,640</u>

NOTE 4 - INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds - Inter-fund receivable and payables are created in conjunction with the District's pooled cash, and are paid back within a reasonable time. As of December 31, 2022, inter-fund receivables and payables were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 181,930	\$ -
Parks Fund	-	307,587
Golf Course Fund	693,862	-
Water and Wastewater Fund	-	568,205
Total	<u>\$ 875,792</u>	<u>\$ 875,792</u>

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2022, was as follows:

	Balance at December 31, 2021	Additions	Disposals/ Retirements	Balance at December 31, 2022
Governmental activities:				
Capital assets, being depreciated:				
Street lights	\$ 55,960	\$ -	\$ -	\$ 55,960
Park improvements and equipment	1,079,885	213,456	-	1,293,341
Total capital assets being depreciated	<u>1,135,845</u>	<u>213,456</u>	<u>-</u>	<u>1,349,301</u>
Less accumulated depreciation for:				
Street lights	(55,960)	-	-	(55,960)
Park improvements and equipment	(597,946)	(82,085)	-	(680,031)
Total accumulated depreciation	<u>(653,906)</u>	<u>(82,085)</u>	<u>-</u>	<u>(735,991)</u>
Total capital assets, net	<u>\$ 481,939</u>	<u>\$ 131,371</u>	<u>\$ -</u>	<u>\$ 613,310</u>

Business-type capital asset activity for the year ended December 31, 2022, was as follows:

	Balance at December 31, 2021	Additions	Disposals/ Retirements	Balance at December 31, 2022
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,218,728	\$ 5,500	\$ -	\$ 2,224,228
Water rights/Replacement Plan	40,192,853	168,040	-	40,360,893
CIP	27,129,867	20,260,633	-	47,390,500
Capital assets, being depreciated:				
Land improvements	1,020,020	-	-	1,020,020
Buildings	23,993,856	69,169	-	24,063,025
Equipment	12,344,038	624,212	-	12,968,250
Transmission	54,663,684	1,198,394	-	55,862,078
Total capital assets being depreciated	<u>161,563,046</u>	<u>22,325,948</u>	<u>-</u>	<u>183,888,994</u>
Less accumulated depreciation	(36,667,112)	(2,662,337)	-	(39,329,449)
Less: allowance for impaired assets	<u>(565,000)</u>	<u>-</u>	<u>-</u>	<u>(565,000)</u>
Total business-type activities capital assets, net	<u>\$ 124,330,934</u>	<u>\$ 19,663,611</u>	<u>\$ -</u>	<u>\$ 143,994,545</u>

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS - continued

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

Governmental activities

Parks	\$ <u>82,085</u>
Total depreciation expense - governmental activities	\$ <u><u>82,085</u></u>

Business-type activities

Water and wastewater	\$ 2,560,027
Golf course	<u>102,310</u>
Total depreciation expense - business-type activities	\$ <u><u>2,662,337</u></u>

As of December 31, 2022, an allowance of \$565,000 relating to challenged water rights remains unchanged in the current year. See (NOTE 12) relating to the District’s contingencies relating to water litigation.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at December 31, 2022, consisted of the following:

Accounts payable - trade	\$ 1,027,009
Accounts payable - retainage	<u>1,723,193</u>
	<u><u>\$ 2,750,202</u></u>

NOTE 7 - LONG-TERM LIABILITIES

Colorado Water Resources and Power Development Authority loans

On November 8, 2006, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for \$15,249,690 collateralized by pledge of net revenues from the Water and Wastewater Fund (revenues after deducting operation and maintenance expenses).

The 2006 loan is payable semiannually, with principal and interest payments of \$381,209 to \$526,461, including interest at 3.5% with the final payment due August 1, 2027. CWRPDA

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM LIABILITIES - continued

restructured the loan in May 2016 which reduced the District's debt service costs over the remainder of the term of the loan.

On May 13, 2016 CWRPDA refinanced the bonds that support the 2006 loan that they have issued to the District. As a result of this refinancing CWRPDA has agreed to provide interest credits which reduce the effective interest rate to approximately 3.0% on future payments on the 2006 note. No other payment terms were changed. The present value of this savings is \$745,046. The future minimum payments as noted below have been adjusted for the new interest payments.

On September 11, 2012, the District entered into a loan agreement with the CWRPDA for \$2,000,000, collateralized by a pledge of net revenues from the Water and Wastewater Fund (revenues after deducting operation and maintenance expenses). The 2012 loan requires principal and interest payments of \$22,500 to \$76,528, including interest at 2.0%. The loan is scheduled to mature August 1, 2033.

Annual debt service requirements to maturity for the loans are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 940,047	\$ 192,428
2024	958,646	168,352
2025	998,779	133,246
2026	1,055,079	76,113
2027	1,127,546	2,749
2028 - 2032	710,534	54,741
2033	150,785	2,266
Total	<u>\$ 5,941,416</u>	<u>\$ 629,895</u>

Revenue bonds – The District issued Series 2012 revenue bonds (\$9,415,000 original issue) to provide funds for the purchase of water rights, well field development, water treatment and water conveyance infrastructure. The bond principal and interest are payable from the District's net pledged revenue, which includes all revenues of the water and wastewater system less operation and maintenance expenses. The bonds have an interest rate varying annually from two to four

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM LIABILITIES - continued

percent, interest payable semi-annually on February 1 and August 1 of each year.

Principal is payable annually on August 1, and mature no later than December 31, 2037. The District sought a level aggregate annual debt service level that takes into account prior financing with the CWRPDA (detailed above), both financing for wastewater infrastructure.

The District issued Series 2013 revenue bonds (\$9,660,000 original issue) to provide funds for the purchase of water rights, well field development, water treatment and water conveyance infrastructure. The bond principal and interest are payable from the District’s net pledged revenue, which includes all water and wastewater system less operation and maintenance expenses. The bonds have an interest rate varying annually from two to four percent, interest payable semi-annually, principal payable annually on August 1 of each year and mature no later than December 31, 2033. The District sought a level aggregate annual debt service level that takes into account prior financing with the CWRPDA (detailed above), both financing for wastewater infrastructure.

On April 29, 2021, the District issued Series 2021A and 2021B revenue refunding bonds to provide funds for the partial redemption of the Series 2012 and 2013 revenue bonds. The issuance of these bonds will provide the District an interest savings of over \$1.1 million dollars while retaining the same maturity dates as the original Series 2012 and Series 2013 revenue bonds. The revenue refunding bonds have an interest rate varying annually from 2.21% and 2.31% interest payable semi-annually on February 1 and August 1, principal payable annually on August 1 of each year and mature no later than December 31, 2033.

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

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 670,000	\$ 311,152
2024	725,000	263,606
2025	730,000	249,845
2026	745,000	236,008
2027	760,000	221,881
2028 - 2032	9,060,000	700,598
2033	1,915,000	36,960
Total	<u>\$ 14,605,000</u>	<u>\$ 2,020,050</u>

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM LIABILITIES – continued

On October 22, 2020, the District issued Series 2020 revenue bonds in the amount of \$38,755,000 to provide funds for the construction of a reverse osmosis wastewater treatment plant to meet the TDS (Totally Dissolved Solids) level mandated by the State of Colorado. The bond principal and interest are payable from the District’s net pledged revenue, which includes all revenue of the water and wastewater system less operation and maintenance expenses. The bonds have an interest rate of four percent, interest payable semi-annually on February 1 and August 1 of each year. Principal is payable annually on August 1, and mature no later than December 31, 2050.

The bonds are subject to redemption prior to maturity at the option of the District and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption dates are August 1 of each year.

Annual debt service requirements to maturity for the Series 2020 revenue bonds are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ 1,550,200
2024	-	1,550,200
2025	-	1,550,200
2026	-	1,550,200
2027	-	1,550,200
2028 - 2032	-	7,751,000
2033 - 2037	6,945,000	7,348,000
2038 - 2042	10,365,000	5,565,200
2043 - 2047	12,605,000	3,320,600
2048 - 2050	8,840,000	716,600
Total	<u>\$38,755,000</u>	<u>\$32,452,400</u>

CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM LIABILITIES – continued

Changes in long-term liabilities

	Balance at December 31, 2021	Additions	Deductions	Balance at December 31, 2022	Amounts Due Within One Year
<u>Business-Type Activities:</u>					
2006 note payable	\$ 5,231,839	\$ -	\$ 794,982	\$ 4,436,857	\$ 816,468
2006 note issuance discount	(7,248)	-	(1,298)	(5,950)	-
2012 note payable	1,625,703	-	121,144	1,504,559	123,579
Total notes payable	<u>6,850,294</u>	<u>-</u>	<u>914,828</u>	<u>5,935,466</u>	<u>940,047</u>
2012 revenue bonds payable	\$ 205,000	\$ -	\$ 205,000	\$ -	\$ -
2013 revenue bonds payable	670,000	-	330,000	340,000	340,000
2020 revenue bonds payable	38,755,000	-	-	38,755,000	-
2021A revenue bonds payable	6,980,000	-	30,000	6,950,000	275,000
2021B revenue bonds payable	7,370,000	-	55,000	7,315,000	55,000
Bond issuance premium - 2020 bonds	5,405,275	-	192,255	5,213,020	-
Bond issuance premium	83,838	-	54,660	29,178	-
Bond issuance discount -2021 A&B bonds	(447,794)	-	(22,390)	(425,404)	-
Total revenue bonds payable	<u>59,021,319</u>	<u>-</u>	<u>844,525</u>	<u>58,176,794</u>	<u>670,000</u>
Total - Business-type activities long-term liabilities	<u>\$ 65,871,613</u>	<u>\$ -</u>	<u>\$ 1,759,353</u>	<u>\$ 64,112,260</u>	<u>\$ 1,610,047</u>

NOTE 8 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had invested in capital assets, net of related debt as follows:

Net investment in capital assets	
Capital assets, net of depreciation	\$144,607,855
Less: related debt	<u>(64,112,260)</u>
Total net investment in capital assets	<u>\$ 80,495,595</u>

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - NET POSITION - continued

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2022, the District had restricted net position as follows:

Restricted for:	
Capital projects, bond reserve, etc.	\$ 11,777,368
Parks	501,364
Customer deposits	251,377
TABOR	12,655
Total restricted net assets	<u>\$ 12,542,764</u>

NOTE 9 - PENSION

The District provides pension benefits through a 457b retirement plan. All full-time employees participate in the Plan. Employees are vested immediately. The District contributes 8% of an employee's wages to the Plan. The employee can choose to contribute but is not required to do so. Contributions for 2022 totaled \$242,653.

NOTE 10 - RISK MANAGEMENT

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

The District carries commercial insurance for these risks of loss, including worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three fiscal years. Further, the District practices water supply planning and short term contracting to ensure adequate supplies for the community.

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (IGA)

The District has entered into several agreements with other governmental entities to provide water and wastewater treatment. These agreements stipulate various means to obtain, trade or provide water and wastewater services. These agreements are a normal part of the operations of the District

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (IGA) – continued

and management believes that these agreements do not constitute significant long-term commitments of the District which would require additional disclosures. Specific information concerning the summaries of certain intergovernmental agreements can be obtained from the District.

Meridian Service Metropolitan District – Arbitration Settlement

On April 26, 2022, an arbitration judge ruled that Meridian Service Metropolitan District (“Meridian”) is responsible for 45.8% of the cost of the reverse osmosis plant that the District is building to lower its TDS level as mandated by the State of Colorado. In addition, Meridian was required to pay the District for 45.8% of the TDS-related costs that the District had occurred since 2015.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation - The District is involved in several pending or threatened lawsuits, the most significant of which are described below. The District and its legal counsel estimate that the potential claims against the District not covered by insurance or accrued for, resulting in such litigation, would not materially affect the financial statements of the District.

Environmental Violations. The District is operating under a Compliance on Consent (CoC) order issued by the Colorado Department of Public Health and Environment (CDPHE) regarding the amount of Total Dissolved Solids (TDS) contained in treated effluent leaving the District’s Water Reclamation Facility (WRF) and being reintroduced into the groundwater in the Upper Black Squirrel Creek Basin. Based on this order Cherokee must comply with the State’s TDS limits no later than September 2023. The Cherokee’s Board of Directors approved a project to comply with the CoC and the Reverse Osmosis plant will be operating by the deadline. The estimated cost of the infrastructure and associated construction is approximately \$40 million.

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

In November 1992, the voters of Colorado approved the Taxpayer’s Bill of Rights (TABOR), which added Section 20 to Article X, of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

**CHEROKEE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION - continued

Fiscal year spending and revenue limits are determined based on prior year spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance. The District does not receive any mill levy revenue and is therefore not subject to the limitations of TABOR.

SUPPLEMENTAL INFORMATION

CHEROKEE METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
WATER AND WASTEWATER ENTERPRISE FUND
For the Year Ended December 31, 2022

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE				
Water sales	\$ 7,975,000	\$ 7,975,000	\$ 8,131,202	\$ 156,202
Sewer services	5,446,250	5,446,250	5,374,313	(71,937)
Water and wastewater tap fees	3,157,500	3,157,500	10,266,647	7,109,147
Interfund loan revenue	-	-	55,566	55,566
Interest income	8,000	8,000	520,861	512,861
Miscellaneous income	626,066	626,066	866,351	240,285
Total Revenue	<u>17,212,816</u>	<u>17,212,816</u>	<u>25,214,940</u>	<u>8,002,124</u>
EXPENSES				
Water system				
Purchased water	25,000	25,000	42,110	(17,110)
Pumping	1,028,300	1,028,300	951,470	76,830
Treatment	187,850	187,850	149,682	38,168
Transmission and distribution	448,500	469,369	353,837	115,532
Employee benefits and training	1,738,368	1,765,052	1,766,650	(1,598)
Total Water system	<u>3,428,018</u>	<u>3,475,571</u>	<u>3,263,749</u>	<u>211,822</u>
Wastewater system				
Treatment	1,549,530	1,559,502	1,562,519	(3,017)
Collection	770,000	770,000	628,827	141,173
Total Wastewater system	<u>2,319,530</u>	<u>2,329,502</u>	<u>2,191,346</u>	<u>138,156</u>
Support Services				
Engineering and Pretreatment	170,000	170,000	119,182	50,818
Safety and technical services	173,500	173,500	145,839	27,661
Employee benefits and training	710,149	721,831	636,130	85,701
Total Support Services	<u>1,053,649</u>	<u>1,065,331</u>	<u>901,151</u>	<u>164,180</u>
Other				
General and administrative	1,821,037	1,927,461	1,664,613	262,848
Capital expenditures	6,834,565	7,403,266	2,844,289	4,558,977
Debt principal payments	1,536,125	1,536,125	1,536,125	-
Interest and bond fees	565,582	565,582	510,691	54,891
Total Other	<u>10,757,309</u>	<u>11,432,434</u>	<u>6,555,718</u>	<u>4,876,716</u>
Total Expenses	<u>17,558,506</u>	<u>18,302,838</u>	<u>12,911,964</u>	<u>5,390,874</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>(345,690)</u>	<u>(1,090,022)</u>	<u>12,302,976</u>	<u>13,392,998</u>
OTHER FINANCING SOURCES (USES)				
Restricted Bond proceeds	19,000,000	19,000,000	-	(19,000,000)
TDS Surcharge	692,000	692,000	726,262	34,262
TDS Capital Contribution - Meridian	702,492	702,492	703,240	748
Interest earned on bond proceeds	10,000	10,000	141,136	131,136
Debt service - 2020 Bond issue	(1,550,200)	(1,550,200)	(1,357,945)	192,255
TDS Project	(19,000,000)	(19,000,000)	(17,864,744)	1,135,256
Total other financing sources	<u>(145,708)</u>	<u>(145,708)</u>	<u>(17,652,051)</u>	<u>(17,506,343)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>(491,398)</u>	<u>(1,235,730)</u>	<u>(5,349,075)</u>	<u>(4,113,345)</u>
GAAP Adjustments				
Capital expenditures			22,259,233	
Principal payments on bonds			1,536,125	
Interfund Loan payment from Golf Course Enterprise Fund			(55,566)	
Depreciation			<u>(2,560,027)</u>	
Change in net position			<u>\$ 15,830,690</u>	

CHEROKEE METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
GOLF COURSE ENTERPRISE FUND
For the Year Ended December 31, 2022

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE				
Golf revenue	\$ 1,173,000	\$ 1,225,000	\$ 1,227,773	\$ 2,773
Resale	335,000	335,000	331,833	(3,167)
Miscellaneous	6,500	58,000	58,696	696
Total Revenue	<u>1,514,500</u>	<u>1,618,000</u>	<u>1,618,302</u>	<u>302</u>
EXPENDITURES				
Operating expense	754,686	809,000	809,196	(196)
Resale expense	215,000	221,000	221,499	(499)
General and administrative	298,291	252,000	251,250	750
Debt service - interfund loan	-	55,566	55,566	-
Capital expenditures	19,250	67,000	66,715	285
Total Expenses	<u>1,287,227</u>	<u>1,404,566</u>	<u>1,404,226</u>	<u>340</u>
NET CHANGE IN FUND BALANCE	<u>227,273</u>	<u>213,434</u>	<u>214,076</u>	<u>642</u>
GAAP Adjustments				
Capital expenditures			66,715	
Principal payments on debt			55,566	
Depreciation			<u>(102,310)</u>	
Change in net position			<u>\$ 234,047</u>	

CHEROKEE METROPOLITAN DISTRICT
DEBT SERVICE COVERAGE AND RESERVE REQUIREMENTS
Year Ended December 31, 2022

Revenue	
Water sales	\$ 8,131,202
Sewer charges	5,374,313
Tap fees	10,266,647
TDS Surcharge	726,262
Interest income	661,997
Miscellaneous income	<u>866,351</u>
 TOTAL REVENUES	 <u>26,026,772</u>
 Operating Expenses	 10,580,886
Less: depreciation	<u>(2,560,027)</u>
 NET EXPENSES	 <u>8,020,859</u>
 NET REVENUES (PLEDGED PROPERTY)	 <u><u>\$ 18,005,913</u></u>
 Maximum debt service requirement	 <u><u>\$ 3,665,803</u></u>
 DEBT SERVICE COVERAGE FACTOR	 <u><u>491.19%</u></u>