

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
Douglas County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION


YEAR ENDED DECEMBER 31, 2021

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
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YEAR ENDED DECEMBER 31, 2021**

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Independent Auditor's Report

Members of the Board of Directors
Cherry Creek South Metro District No 11

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Cherry Creek South Metro District No 11 as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Cherry Creek South Metro District No 11, as of December 31, 2021 and the respective changes in financial position 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 audits 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 Cherry Creek South Metro District No 11 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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, including omissions, 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 Cherry Creek South Metro District No. 11'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 Cherry Creek South Metro District No 11s 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.

Other-Matters

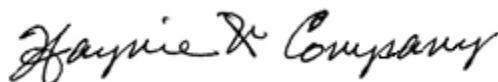
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cherry Creek South Metro District No 11's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Littleton, Colorado
September 28, 2022

BASIC FINANCIAL STATEMENTS

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 43,692
Cash and Investments - Restricted	530
Receivable - County Treasurer	3
Property Taxes Receivable	56
Capital Assets, Not Being Depreciated	<u>1,176,871</u>
Total Assets	<u>1,221,152</u>
LIABILITIES	
Accounts Payable	23,521
Noncurrent Liabilities:	
Due in More than One Year	<u>2,109,595</u>
Total Liabilities	<u>2,133,116</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>56</u>
Total Deferred Inflows of Resources	<u>56</u>
NET POSITION	
Restricted For:	
Emergency Reserve	100
Unrestricted	<u>(912,120)</u>
Total Net Position	<u><u>\$ (912,020)</u></u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 112,485	\$ -	\$ -	\$ -	\$ (112,485)
Interest and Related Costs on Long-Term Debt	190,967	-	-	-	(190,967)
Total Governmental Activities	<u>\$ 303,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(303,452)</u>
GENERAL REVENUES					
					449
					43
					17
					<u>509</u>
SPECIAL ITEMS					
					149,664
					<u>149,664</u>
CHANGE IN NET POSITION					
					(153,279)
					<u>(758,741)</u>
NET POSITION - END OF YEAR					
					<u>\$ (912,020)</u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 43,692	\$ -	\$ -	\$ 43,692
Cash and Investments - Restricted	100	430	-	530
Receivable from County Treasurer	-	3	-	3
Property Taxes Receivable	56	-	-	56
Total Assets	\$ 43,848	\$ 433	\$ -	\$ 44,281
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 23,521	\$ -	\$ -	\$ 23,521
	23,521	-	-	23,521
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	56	-	-	56
Total Deferred Inflows of Resources	56	-	-	56
FUND BALANCES				
Restricted:				
Emergency Reserves	100	-	-	100
Debt Service	-	433	-	433
Unassigned	20,171	-	-	20,171
Total Fund Balances	20,271	433	-	20,704
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,848	\$ 433	\$ -	

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, Not Being Depreciated

1,176,871

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

Developer Advance Payable - Operations

(315,712)

Developer Advance Payable - Capital

(1,751,366)

Developer Advance Interest Payable - Operations

(11,378)

Developer Advance Interest Payable - Capital

(31,139)

Net Position of Governmental Activities

\$ (912,020)

See accompanying Notes to Basic Financial Statements.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 21	\$ 88	\$ -	\$ 109
Property Taxes - Debt Service Only	-	302	-	302
Property Taxes - Infrastructure Capital	19	-	-	19
Property Taxes - Town Capital and Maintenance	19	-	-	19
Specific Ownership Taxes	3	9	-	12
Specific Ownership Taxes - Debt Service Only	-	29	-	29
Specific Ownership Taxes - Infrastructure Capital	1	-	-	1
Specific Ownership Taxes - Town Capital and Maintenance	1	-	-	1
Interest Income	15	2	-	17
Total Revenues	<u>79</u>	<u>430</u>	<u>-</u>	<u>509</u>
EXPENDITURES				
Accounting	25,136	-	-	25,136
County Treasurer's Fee	1	6	-	7
Directors' Fees	500	-	-	500
Dues and Licenses	2,502	-	-	2,502
Miscellaneous	1,499	-	-	1,499
Insurance	23,788	-	-	23,788
Legal	31,418	-	-	31,418
Market Study	12,000	-	-	12,000
Paying Agent Fees	600	-	-	600
Transfers to Town of Parker	41	-	-	41
Bond Interest	-	148,444	-	148,444
Bond Principal	-	500,000	-	500,000
Capital Outlay	-	-	946,485	946,485
Total Expenditures	<u>97,485</u>	<u>648,450</u>	<u>946,485</u>	<u>1,692,420</u>
REVENUES OVER (UNDER) EXPENDITURES	(97,406)	(648,020)	(946,485)	(1,691,911)
OTHER FINANCING SOURCES (USES)				
Developer Advance	99,587	648,444	946,485	1,694,516
Total Other Financing Sources (Uses)	<u>99,587</u>	<u>648,444</u>	<u>946,485</u>	<u>1,694,516</u>
NET CHANGE IN FUND BALANCES	2,181	424	-	2,605
Fund Balances - Beginning of Year	<u>18,090</u>	<u>9</u>	<u>-</u>	<u>18,099</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 20,271</u></u>	<u><u>\$ 433</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,704</u></u>

See accompanying Notes to Basic Financial Statements.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Governmental Fund \$ 2,605

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year 1,006,485

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

Developer Advances - Current Year	(1,769,516)
Series 2015 Bond - Principal Payment	500,000
Transfer of Debt to Other Entity	149,664

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

Developer Advances Interest Payable - Change in Liability	<u>(42,517)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (153,279)</u></u>
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**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 21	\$ 21	\$ -
Property Taxes - Infrastructure Capital	19	19	-
Property Taxes - Town Capital and Maintenance	19	19	-
Specific Ownership Taxes	2	3	1
Specific Ownership Taxes - Infrastructure Capital	1	1	-
Specific Ownership Taxes - Town Capital and Maintenance	1	1	-
Interest Income	35	15	(20)
Total Revenues	<u>98</u>	<u>79</u>	<u>(19)</u>
EXPENDITURES			
Accounting	25,000	25,136	(136)
County Treasurer's Fee	1	1	-
Directors' Fees	1,200	500	700
Dues and Licenses	3,000	2,502	498
District Management	2,500	-	2,500
Miscellaneous	1,699	1,499	200
Insurance	25,000	23,788	1,212
Legal	70,000	31,418	38,582
Market Study	-	12,000	(12,000)
Paying Agent Fees	600	600	-
Tract N Drainage Maintenance	30,000	-	30,000
Transfers to Town of Parker	40	41	(1)
Total Expenditures	<u>159,040</u>	<u>97,485</u>	<u>61,555</u>
REVENUES OVER (UNDER) EXPENDITURES	(158,942)	(97,406)	61,536
OTHER FINANCING SOURCES (USES)			
Developer Advance	128,932	99,587	(29,345)
Total Other Financing Sources (Uses)	<u>128,932</u>	<u>99,587</u>	<u>(29,345)</u>
NET CHANGE IN FUND BALANCE	(30,010)	2,181	32,191
Fund Balance - Beginning of Year	<u>30,020</u>	<u>18,090</u>	<u>(11,930)</u>
FUND BALANCE - END OF YEAR	<u>\$ 10</u>	<u>\$ 20,271</u>	<u>\$ 20,261</u>

See accompanying Notes to Basic Financial Statements.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Cherry Creek South Metropolitan District No. 11 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado under Title 32, Article I of the Colorado Revised Statutes, as amended (C.R.S.), was organized and approved by the eligible electors of the District at an election held on November 2, 2004, and an Order and Decree issued by the Douglas County District Court on November 9, 2004, and recorded in Douglas County real property records on November 18, 2004.

Simultaneously with the formation of the District, Cherry Creek South Metropolitan District Nos. 2-10 were also formed (together with the District, the Districts). Formation of the Districts was preceded by the approval thereof by the Town Council of the Town of Parker, Colorado (the Town), on October 4, 2004, of a Consolidated Service Plan for the Cherry Creek South Metropolitan District Nos. 2-11 (the Original Service Plan). In 2016, Cherry Creek South Metropolitan District Nos. 2 and 3 (District Nos. 2 and 3) obtained approval of an Amended and Restated Consolidated Service Plan applicable to District Nos. 2 and 3 only and formed Anthology West Metropolitan District Nos. 4-6. District Nos. 2 and 3 and Anthology West Metropolitan District Nos. 4-6 now operate independently from Cherry Creek South Metropolitan District Nos. 4-11 (District Nos. 4-11 or the Other Cherry Creek South Metropolitan Districts).

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

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

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

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

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

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

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

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

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

Budgets

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

The District has amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is always set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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

Deferred Inflows of Resources

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

Equity

Net Position

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

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 43,692
Cash and Investments - Restricted	530
Total Cash and Investments	\$ 44,222

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 12,459
Investments	31,763
Total Cash and Investments	\$ 44,222

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

At December 31, 2021, the District’s cash deposits had a bank and carrying balance of \$12,459.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	\$ 31,763

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the District’s capital assets for the year ended December 31, 2021 follows:

	Balance at December 31, 2020	Additions	Reductions/ Reclassifications	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 170,386	\$ 1,006,485	\$ -	\$ 1,176,871
Total Capital Assets, Not Being Depreciated	\$ 170,386	\$ 1,006,485	\$ -	\$ 1,176,871

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Payments/ Reductions	Balance at December 31, 2021	Due Within One Year
Bonds:					
General Obligation Limited Tax					
Bond, Series 2015	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -
Bonds Payable	500,000	-	500,000	-	-
Other Debts:					
Developer Advance - Operations	201,125	114,587	-	315,712	-
Developer Advance - Capital	246,101	1,654,929	149,664	1,751,366	-
Developer Advance -Interest - Operations	-	11,378	-	11,378	-
Developer Advance -Interest - Capital	-	31,139	-	31,139	-
Total	<u>\$ 947,226</u>	<u>\$ 1,812,033</u>	<u>\$ 649,664</u>	<u>\$ 2,109,595</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

General Obligation Limited Tax Bonds, Series 2015 (the Bonds)

On December 11, 2015, the District issued \$500,000 Bonds at an interest rate of 4% - 6%. The Bonds were general obligations of the District, secured and payable from Pledged Revenue which included property tax revenue, net of costs of collection, and any other legally available amounts. To the extent of available Pledged Revenue, principal of the Bonds shall be redeemed prior to maturity, in whole or in part, with no redemption premium. The Bonds were due December 15, 2044. The Bonds were issued to pay the costs of providing certain public improvements. The Bonds were fully paid in 2021.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 AUTHORIZED DEBT

At a special election of the eligible electors of the District on November 2, 2004, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities such as streets, parks and recreation, water, sanitation, transportation, mosquito control, traffic and safety, fire protection, TV relay and security, and for the purpose of refunding such indebtedness. On November 3, 2009, at an election of qualified electors of the District, a majority of those qualified to vote voted in favor of the issuance of general obligation indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities. On May 5, 2020, at an election of qualified electors of the District, a majority of those qualified to vote voted in favor of the issuance of District indebtedness and the imposition of taxes for the purpose of providing certain improvements and facilities and for the refunding of such indebtedness. The total amount of debt the District can issue, together with District Nos. 7, 8 and 9 is \$166,518,750. On December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2004	Amount Authorized on November 3, 2009	Amount Used Series 2015 GO Limited Tax Bond	Amount Authorized on May 5, 2020	Authorized But Unissued
Streets	\$ 37,560,000	\$ 90,000,000	\$ 282,644	\$ 166,518,750	\$ 256,236,106
Parks and Recreation	59,280,000	90,000,000	3,414	166,518,750	256,515,336
Water	8,880,000	90,000,000	145,532	166,518,750	256,373,218
Sanitation	14,280,000	90,000,000	68,410	166,518,750	256,450,340
Transportation	-	-	-	166,518,750	166,518,750
Mosquito Control	-	-	-	166,518,750	166,518,750
Safety Protection	37,560,000	-	-	166,518,750	166,518,750
Fire Protection	-	-	-	166,518,750	166,518,750
TV Relay and Translation	-	-	-	166,518,750	166,518,750
Security	-	-	-	166,518,750	166,518,750
Operations and Maintenance	-	90,000,000	-	166,518,750	256,518,750
Intergovernmental Agreements	-	-	-	166,518,750	166,518,750
Private Agreements	-	-	-	166,518,750	166,518,750
Refunding	130,000,000	450,000,000	-	1,665,187,500	2,115,187,500
Total	<u>\$ 287,560,000</u>	<u>\$ 900,000,000</u>	<u>\$ 500,000</u>	<u>\$ 3,829,931,250</u>	<u>\$ 4,729,431,250</u>

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

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 NET POSITION

The District has net position consisting of one component – unrestricted.

The District has a deficit in unrestricted net position. This deficit is mainly due to operating costs funded by Developer Advance.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is North Parker Investments, LLC, an Arizona limited liability company. The members of the Board of Directors of the District are associated with the Developer or an entity with the Developer and may have conflicts in dealing with the District.

NOTE 9 AGREEMENTS

Amended and Restated Intergovernmental Agreement

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

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

The Town IGA specifies that the revenues from the Town Capital and Maintenance Mill Levy are to be used for the planning, design, financing, acquisition, construction, operation, and maintenance of the following Town Infrastructure: (a) the Park Tract and all associated improvements to Planning Area 43, (b) all roadways, storm sewer and associated items constructed within Town right-of-way, (c) regional roadways serving the District, (d) all storm sewer, detention ponds, stream improvements and other stormwater conveyance infrastructure located on Town, HOA (defined below) or District-owned property that is eligible for maintenance assistance through the Town's Stormwater Utility, and (e) widening of Chambers Road to a full arterial roadway section through the Districts' boundaries, including additional lanes, sidewalk, curb and gutter, medians and all other associated items. The total amount of Debt the District can issue, together with District Nos. 7, 8 and 9, is \$166,518,750.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 AGREEMENTS (CONTINUED)

Funding and Reimbursement Agreement

On November 9, 2021, the District entered into an agreement with North Parker Investments, LLC, an Arizona limited liability company (Property Owner). The Property Owner agrees to loan to the District one or more sums of money, not to exceed the aggregate of \$100,000 per annum through December 31, 2023, up to \$200,000. With respect to each loan advance, the interest rate is 2% per annum, from the date any such advance is made, at simple interest. The repayment of amounts due under this agreement are subject to annual appropriation by the District. As of December 31, 2021, the outstanding principal and interest was \$327,090.

Infrastructure Acquisition and Reimbursement Agreement

On November 9, 2021, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with North Parker Investments, LLC, an Arizona limited liability company (Property Owner).

The Infrastructure Acquisition and Reimbursement Agreement establishes the terms and conditions for the reimbursement of District Eligible Costs (defined therein) for Public Infrastructure to be dedicated to other governmental entities, and for Public Infrastructure that is to be owned, operated, and maintained by the District. Pursuant to the terms thereof, the Property Owner may be reimbursed for Certified District Eligible Costs, including Public Infrastructure and funds advanced to or on behalf of the District for District Eligible Costs. In order for the Property Owner to obtain reimbursement, the Infrastructure Acquisition and Reimbursement Agreement requires submission of an application for acceptance of District Eligible Costs, cost certification by both a professional engineer and accountant engaged by the District, and adoption of a resolution by the District to accept and certify the District Eligible Costs (defined as a District Acceptance Resolution). Certified District Eligible Costs shall bear simple interest at a rate of 2.0% per annum from the date of adoption of applicable District Eligible Costs Acceptance Resolution until paid in full. The repayment of amounts due under this agreement are subject to annual appropriation by the District. In 2021, the District adopted a resolution accepting \$1,851,984 in Certified District Eligible Costs, of which, \$905,499 was reimbursed to the Property Owner.

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 RISK MANAGEMENT

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

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

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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 has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 12 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

SUPPLEMENTARY INFORMATION

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 87	\$ 87	\$ 88	\$ 1
Property Taxes - Debt Service Only	302	302	302	-
Specific Ownership Taxes	7	7	9	2
Specific Ownership Taxes - Debt Service Only	24	24	29	5
Interest Income	-	-	2	2
Total Revenues	<u>420</u>	<u>420</u>	<u>430</u>	<u>10</u>
EXPENDITURES				
County Treasurer's Fees	1	1	1	-
County Treasurer's Fees - Debt Service Only	5	5	5	-
Bond Interest	414	199,994	148,444	51,550
Bond Principal	-	500,000	500,000	-
Total Expenditures	<u>420</u>	<u>700,000</u>	<u>648,450</u>	<u>51,550</u>
REVENUES OVER (UNDER) EXPENDITURES	-	(699,580)	(648,020)	51,560
OTHER FINANCING SOURCES (USES)				
Bond Premium	-	-	-	-
Developer Advance	-	699,580	648,444	(51,136)
Total Other Financing Sources (Uses)	<u>-</u>	<u>699,580</u>	<u>648,444</u>	<u>(51,136)</u>
NET CHANGE IN FUND BALANCE	-	-	424	424
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ 433</u>

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Capital Outlay	-	946,485	946,485	-
Total Expenditures	-	946,485	946,485	-
REVENUES OVER (UNDER) EXPENDITURES	-	(946,485)	(946,485)	-
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	946,485	946,485	-
Total Other Financing Sources (Uses)	-	946,485	946,485	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION

**CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 11
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 17,030	12.500	22.500	\$ 596	\$ 596	100.00 %
2019	17,030	12.500	22.500	596	596	100.00
2020	17,650	5.500	22.500	494	494	100.00
2021	3,880	5.500	32.500	147	147	100.00
2021 DS only	13,440	0.000	22.500	302	302	100.00
Estimated for the Year Ending December 31, 2022	\$ 5,540	0.000	10.068	\$ 56		

NOTE:

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