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Cumberland Green Metropolitan District

Annual Financial Report

December 31, 2023

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Basic Financial Statements

Cumberland Green Metropolitan District
Statement of Net Position
December 31, 2023

Assets	<u>Governmental Activities</u>
Cash and investments	\$ 813,912
Cash and investments - restricted	1,127,185
Property taxes receivable	828,665
Prepaid expense	9,971
Other current assets	5,653
Capital assets, net of depreciation	124,325
Total assets	<u><u>\$ 2,909,711</u></u>
Liabilities	
Accounts payable	9,606
Accrued interest payable	23,931
Bonds payable, due within one year	90,000
Bonds payable, due in more than one year	5,380,000
Total liabilities	<u><u>\$ 5,503,537</u></u>
Deferred Inflows of Resources	
Property tax revenue	828,665
Total deferred inflows of resources	<u><u>828,665</u></u>
Net Position	
Net investment in capital assets	(5,339,880)
Restricted for:	
Emergency	5,700
Debt service	1,632,795
Parks and open space	8,593
Unrestricted	<u>270,301</u>
Total Net Position	<u>(3,422,491)</u>
Total Liabilities and Net Position	<u><u>\$ 2,909,711</u></u>

The accompanying notes are an integral part of these financial statements.

Cumberland Green Metropolitan District
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and other fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 194,694	\$ 5,275	\$ 14,047	\$ -	\$ (175,372)
Interest and related costs on long term debt	293,526	-	-	-	(293,526)
	<u>488,220</u>	<u>5,275</u>	<u>14,047</u>	<u>-</u>	<u>(468,898)</u>
General revenues:					
Property taxes					702,783
Specific ownership taxes					73,593
Total general revenues					<u>776,376</u>
Change in net position					<u>307,478</u>
Net position - beginning of year					<u>(3,729,969)</u>
Net position - end of year					<u>\$ (3,422,491)</u>

The accompanying notes are an integral part of these financial statements.

Cumberland Green Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Conservation Trust Fund	Total Governmental Funds
Assets					
Cash and investments	\$ 274,265	\$ 525,259	\$ 5,795	\$ 8,593	\$ 813,912
Cash and investments - restricted	-	1,127,185	-	-	1,127,185
Prepaid expense	9,971	-	-	-	9,971
Property taxes receivable	200,995	627,670	-	-	828,665
Receivable from EPC Treasurer	1,371	4,282	-	-	5,653
Total assets	<u>\$ 486,602</u>	<u>\$ 2,284,396</u>	<u>\$ 5,795</u>	<u>\$ 8,593</u>	<u>\$ 2,785,386</u>
Liabilities					
Accounts payable	9,606	-	-	-	9,606
Total liabilities	<u>9,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,606</u>
Deferred Inflows of Resources					
Deferred property tax revenue	200,995	627,670	-	-	828,665
Total deferred inflows of resources	<u>200,995</u>	<u>627,670</u>	<u>-</u>	<u>-</u>	<u>828,665</u>
Fund Balances					
Nonspendable:					
Prepaid expense	9,971	-	-	-	9,971
Restricted:					
Emergency reserves	5,700	-	-	-	5,700
Debt service	-	1,656,726	-	-	1,656,726
Parks, vegetation and open space	-	-	-	8,593	8,593
Assigned - capital projects	-	-	5,795	-	5,795
Unassigned	260,330	-	-	-	260,330
Total Fund Balances	<u>276,001</u>	<u>1,656,726</u>	<u>5,795</u>	<u>8,593</u>	<u>1,947,115</u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources					
	<u>\$ 486,602</u>	<u>\$ 2,284,396</u>	<u>\$ 5,795</u>	<u>\$ 8,593</u>	<u>\$ 2,785,386</u>

Total governmental fund balance per above \$ 1,947,115

Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 124,325

Bonds not payable in the current year are excluded as liabilities in the governmental funds. Interest on bonds payable is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Bonds payable (5,470,000)
Accrued interest on bonds (23,931)

Net position of governmental activities \$ (3,422,491)

The accompanying notes are an integral part of these financial statements.

Cumberland Green Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2023

	General	Debt Service	Capital Projects	Conservation Trust	Total Governmental Funds
Revenues					
Property taxes	\$ 170,460	\$ 532,323	\$ -	\$ -	\$ 702,783
Specific ownership taxes	17,851	55,742	-	-	73,593
Lottery proceeds	-	-	-	14,047	14,047
Interest income	71	2,194	10	-	2,275
Miscellaneous income	3,000	-	-	-	3,000
Total General Revenues	<u>191,382</u>	<u>590,259</u>	<u>10</u>	<u>14,047</u>	<u>795,698</u>
Expenditures					
Current					
Covenant enforcement	32,659	-	-	-	32,659
Audit	8,000	-	-	-	8,000
County Treasurer's fees	2,558	7,988	-	-	10,546
Communication	600	-	-	-	600
Landscape Maintenance	44,847	-	-	27,437	72,284
Legal	4,832	-	-	-	4,832
Management	33,694	-	-	-	33,694
Dues - membership fees	593	-	-	-	593
Insurance	8,612	-	-	-	8,612
Election	4,599	-	-	-	4,599
Miscellaneous	2,134	-	-	-	2,134
Event Expense	1,500	-	-	-	1,500
Design review committee expense	2,775	-	-	-	2,775
Director's Fee	2,800	-	-	-	2,800
Payroll taxes	352	-	-	-	352
Utilities	2,415	-	-	-	2,415
Paying agent fees	-	2,500	-	-	2,500
Debt service					
Bond Principal payment	-	80,000	-	-	80,000
Bond interest	-	291,375	-	-	291,375
Total Expenditures	<u>152,970</u>	<u>381,863</u>	<u>-</u>	<u>27,437</u>	<u>562,270</u>
Excess of revenues over (under) expenditures	38,412	208,396	10	(13,390)	233,428
Other financing sources (uses)					
Interfund transfers	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	38,412	208,396	10	(13,390)	233,428
Fund balances:					
Beginning of the year	<u>237,589</u>	<u>1,448,330</u>	<u>5,785</u>	<u>21,983</u>	<u>1,713,687</u>
End of the year	<u>\$ 276,001</u>	<u>\$ 1,656,726</u>	<u>\$ 5,795</u>	<u>\$ 8,593</u>	<u>\$ 1,947,115</u>

The accompanying notes are an integral part of these financial statements.

Cumberland Green Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2023

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

Net change in fund balance—total governmental funds	\$	233,428
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In the statement of activities, capital outlay is not reported as an expenditure; however, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation		<u>(6,300)</u>
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Long-term debt 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. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.

Accrued bond interest - change in liability		350
Bond payments		<u>80,000</u>

Change in net position of governmental activities	\$	<u><u>307,478</u></u>
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The accompanying notes are an integral part of these financial statements.

Cumberland Green Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
Revenue			
Property taxes	\$ 170,462	\$ 170,460	\$ (2)
Specific ownership taxes	18,000	17,851	(149)
Interest income	100	71	(29)
Miscellaneous income	1,000	3,000	2,000
Total Revenue	<u>189,562</u>	<u>191,382</u>	<u>1,820</u>
Expenditures			
Covenant enforcement	27,000	32,659	(5,659)
Audit	8,000	8,000	-
Banking Fees	500	-	500
County Treasurer's fees	2,557	2,558	(1)
Communication	700	600	100
Director's fees	4,000	2,800	1,200
Payroll taxes	450	352	98
Insurance	8,612	8,612	-
Landscape maintenance	42,000	44,847	(2,847)
Legal	7,500	4,832	2,668
Election	5,000	4,599	401
Management	32,400	33,694	(1,294)
Dues - membership fees	593	593	-
Miscellaneous	4,000	2,134	1,866
Event Expense	250	1,500	(1,250)
Design review committee expense	2,700	2,775	(75)
Publications of notices	100	-	100
Utilities	3,500	2,415	1,085
TABOR reserve 3% of revenues	5,687	-	5,687
Total Expenditures	<u>155,549</u>	<u>152,970</u>	<u>2,579</u>
Excess Revenue Over (Under)			
Expenditures	<u>34,013</u>	<u>38,412</u>	<u>4,399</u>
Other financing sources (uses)			
Interfund transfers	(4,000)	-	4,000
Total other financing sources (uses)	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>
Net Change in Fund Balance	<u>30,014</u>	<u>38,412</u>	<u>8,399</u>
Fund Balance—Beginning of year	<u>231,546</u>	<u>237,589</u>	<u>6,043</u>
Fund Balance —End of Year	<u>\$ 261,560</u>	<u>\$ 276,001</u>	<u>\$ 14,442</u>

The accompanying notes are an integral part of these financial statements.

Cumberland Green Metropolitan District

Notes to Financial Statements

December 31, 2023

1. Definition of Reporting Entity

Cumberland Green Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court on November 14, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Fountain on August 9, 2005. The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide planning, acquisition, construction, installation and financing of public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for the residential development known as Cumberland Green.

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

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

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

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

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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

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

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the 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. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental fund.

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

The Conservation Trust Fund accounts for all government revenue and expenditures associated with state lottery disbursements.

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

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.

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 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 presented on the modified accrual basis of accounting unless otherwise indicated.

The District amended the 2023 Budget for the Conservation Trust Fund. Appropriations were increased from \$7,500 to \$27,437.

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. Investments are carried at fair value.

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes are levied by the District 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 normally set by December 15 by certification to the County Commissioners, to put the tax lien on the individual properties as of January 1 for 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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives.

Parks and recreation facilities	10-50 years
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Fund Equity

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

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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.
- *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 policy to use the most restrictive classification first.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 8).

The restricted fund balance in the Debt Service Fund is to be used exclusively for future payment of bond principal, interest and related costs.

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The restricted fund balance in the Conservation Trust Fund consists of lottery proceeds and is required to be used for the acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.

3. Cash and Investments

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 813,912
Cash and investments—Restricted	<u>1,127,185</u>
	<u>\$ 1,941,097</u>

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

Deposits with financial institutions	<u>\$ 1,941,097</u>
Total cash and investments	<u>\$ 1,941,097</u>

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 equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the District's cash deposits had a carrying balance of \$1,941,097 and bank balance of \$1,953,110, of which \$250,000 was FDIC insured and \$1,703,110 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

4. Capital Assets

An analysis of the changes in net capital assets for the year ended December 31, 2023 follows:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Capital assets, being depreciated:				
Parks and recreation facility	\$ 196,945	\$ -	\$ -	\$ 196,945
Total capital assets, being depreciated	<u>196,945</u>	<u>-</u>	<u>-</u>	<u>196,945</u>
Less accumulated depreciation for:				
Parks and recreation facility	<u>(66,320)</u>	<u>(6,300)</u>	<u>-</u>	<u>(72,620)</u>
Capital assets, net	<u>\$ 130,625</u>	<u>\$ (6,300)</u>	<u>\$ -</u>	<u>\$ 124,325</u>

Depreciation expense of \$6,300 for the year ended December 31, 2023 was charged to general government activities.

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Series 2015A					
General Obligation Bonds	\$ 5,550,000	\$ -	\$ (80,000)	\$ 5,470,000	\$ 90,000
	<u>\$ 5,550,000</u>	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ 5,470,000</u>	<u>\$ 90,000</u>

\$5,700,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2015

On November 19, 2015, the District issued \$5,700,000 (original issue amount) General Obligation Limited Tax Refunding and Improvement Bonds, Series 2015. The bonds, maturing December 1, 2045, bear an interest rate of 5.25% per annum, calculated on a basis of a 360 day year of twelve 30 day months, payable semi-annually on each June 1 and December 1.

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Liabilities (continued)

The 2015 bonds are subject to redemption, prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2025 and on any date thereafter, upon payment of par plus accrued interest to the date of redemption, with no redemption premium.

Further, the 2015 Bonds are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2020, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

Below is a summary of the future maturities of the Series 2015 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 90,000	\$ 287,175	\$ 377,175
2025	95,000	282,450	377,450
2026	110,000	277,463	387,463
2027	115,000	271,688	386,688
2028	130,000	265,650	395,650
2029-2033	840,000	1,213,275	2,053,275
2034-2038	1,235,000	953,138	2,188,138
2039-2043	1,740,000	579,338	2,319,338
2044-2045	<u>1,115,000</u>	<u>94,763</u>	<u>1,209,763</u>
Total	<u>\$ 5,470,000</u>	<u>\$ 4,224,938</u>	<u>\$ 9,694,938</u>

Authorized Debt

On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$30,000,000 at an interest rate not to exceed 12% per annum.

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Liabilities (continued)

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 1, 2005 Election	Authorization Used, Series 2007 Bonds	Authorization Used, Series 2012 Senior Notes	Subordinate General Obligation Limited Tax Note	Authorization Used, Series 2015 Series Limited Tax Note	Remaining at December 31, 2023
Streets	\$ 5,000,000	\$ 854,678	\$ -	\$ 348,451	\$ -	\$ 3,796,871
Water	3,000,000	737,787	-	111,549	-	2,150,664
Sanitary sewer and storm drainage	3,000,000	1,237,417	-	167,578	-	1,595,005
Traffic and safety controls	1,000,000	-	-	19,287	-	980,713
Parks and recreation facilities	3,000,000	85,118	53,464	255	1,352,880	1,508,283
Refunding of debt	<u>15,000,000</u>	<u>-</u>	<u>3,206,536</u>	<u>-</u>	<u>4,347,120</u>	<u>7,446,344</u>
Total	<u>\$ 30,000,000</u>	<u>\$ 2,915,000</u>	<u>\$ 3,260,000</u>	<u>\$ 647,120</u>	<u>\$ 5,700,000</u>	<u>\$ 17,477,880</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$15,000,000.

Developer Advances

On February 8, 2006, the District entered into a Reimbursement Agreement (Agreement) with the previous developer, Jimmy Camp Development, Inc., whereby the District agreed to reimburse the Developer for operations, maintenance, and capital advances which had been, or were to be, made on behalf of the District. The Agreement referenced an Exhibit A, which was to list the advances made as of the date of the Agreement. Apparently, no such Exhibit A was attached at the date of execution. The Agreement provides that the District agreed to reimburse the Developer, along with accrued interest at a rate of 6% from the date of each advance, when and if the District issued general obligation or revenue bonds, the identified source of the reimbursement funds. The Agreement contemplated that the reimbursement would be made from proceeds of the initial bond offering, but provides that the issuance and timing of the initial or subsequent bond issuances would be at the discretion of the District.

The Agreement accurately recites that such agreement to make reimbursements does not legally constitute a multiple-fiscal year obligation under applicable Colorado laws. The Agreement further provides that all advances made after February 8, 2006 were subject to the District's additional discretionary determination that such new advances were for District "improvements" and that such improvements were "satisfactory."

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Liabilities (continued)

In 2011, Developer's development manager provided a listing of the Developer's cash advances made from January 1, 2008 through December 31, 2009, totaling \$3,340,420 of which the Developer had been repaid \$2,407,012, leaving a purported balance of \$1,014,859. The submitted accounting did not identify the improvements nor the amounts paid to contractors for the construction of the improvements, which were purportedly constructed by the Developer with the advanced funds. Under its terms, the Agreement cannot be assigned or transferred by the Developer to any other person or entity except a transfer to a person or entity represented by the Developer to the District as an "Accredited Investor" defined by the Securities Act of 1933.

During 2010, the previous members of the District's Board of Directors, who were affiliated with the Developer, became ineligible to serve as board members and a new five-member Board of Directors not affiliated with the Developer was appointed by the City of Fountain. Members of the newly appointed Board of Directors, and their respective successors in office, do not believe the full amounts submitted in 2011 as developer advances, and the related accrued interest, are legitimate District obligations without supporting documentation as to each advance and the corresponding improvement constructed with such advance, and requested such supporting documentation from the Developer. To date, no supporting documentation evidencing expenditures made on behalf of the District has been produced by the Developer. Jimmy Camp Development, Inc. apparently is no longer an existing Colorado corporation in good standing, filed a petition in bankruptcy court in 2010, and to the District's best information and belief, no transfer of the Agreement has been made to any other Accredited Investor.

It is the opinion of the District's legal counsel that the obligation created under the Agreement is a contingent obligation that is not legally enforceable until each of the following contingencies are met: (1) the District determines in its governing board's sole discretion that the advances were made for District improvements and that such improvements are satisfactory; (2) the District's governing board authorizes and issues general obligation or revenue bonds at its discretion for purposes of effecting the reimbursement; and (3) the District's governing board appropriates sufficient funds from such bond proceeds in its annual budget as required by law. None of the three contingencies has been met as of December 31, 2023.

Infrastructure Funding and Reimbursement Agreement

On October 20, 2014, the District entered into an agreement with an additional developer, COLA, LLC, wherein the Developer will develop property within the District for residential purposes, and the District will reimburse advances made by the Developer to fund these activities. The Developer will advance the funds to the District in the form of performing certain design, engineering, installation and construction of public infrastructure. The District will reimburse the Developer an amount of no more than \$1,000,000 of the estimated total advances of \$2,400,000, along with accrued interest.

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

5. Long-Term Liabilities (continued)

The Developer was eligible for a reimbursement of up to \$50,000 for costs associated with the design and construction of a gazebo and picnic area, in the location designated by the District (the “Gazebo Reimbursement”). In accordance with Paragraph 4 of the Agreement, in order to receive the Gazebo Reimbursement, the Developer needed to submit its request, along with an independent verification of costs, to the District by no later than December 31, 2016. Failure by the Developer to submit its request prior to this deadline resulted in the Developer forever forfeiting its claim to the Gazebo Reimbursement.

6. Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets, exclusive of unspent bond proceeds. As of December 31, 2023, the District had invested in capital assets, net of related debt calculated as follows:

Net investment in capital assets:	
Capital assets, net	\$ 124,325
Current portion of long-term obligations	(90,000)
Noncurrent portion of long-term obligations	(5,380,000)
Unspent bond proceeds	<u>5,795</u>
Net investment in capital assets	<u>\$ (5,339,880)</u>

Restricted assets include the net position that 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. The District had restricted net position as of December 31, 2023 as follows:

Restricted net position:	
Emergency Reserves (see Note 8)	\$ 5,700
Debt services	1,632,795
Parks and open space	<u>8,593</u>
Total restricted net position	<u>\$ 1,647,088</u>

The District’s unrestricted net position as of December 31, 2023 is \$270,301.

Cumberland Green Metropolitan District

Notes to Financial Statements (continued)

December 31, 2023

7. 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 (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded 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.

8. Tax, Spending and Debt Limitations

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

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

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

On November 1, 2005, the District's voters authorized the District to increase property taxes \$750,000 annually. The election also allows the District to collect, spend and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution.

Cumberland Green Metropolitan District
Notes to Financial Statements (continued)
December 31, 2023

8. Tax, Spending and Debt Limitations (continued)

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

Supplementary Information

Cumberland Green Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts Original & Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property taxes	\$ 532,321	\$ 532,323	\$ 2
Specific ownership taxes	57,000	55,742	(1,258)
Interest income	400	2,194	1,794
Total Revenue	<u>589,721</u>	<u>590,259</u>	<u>538</u>
Expenditures:			
Paying agent fees	2,500	2,500	-
Treasurer's Collection Fee	7,985	7,988	(3)
Bond interest	291,375	291,375	-
Bond principal	80,000	80,000	-
Banking fees	100	-	100
Total Expenditures	<u>381,960</u>	<u>381,863</u>	<u>97</u>
Excess Revenue Over (Under) Expenditures	<u>207,761</u>	<u>208,396</u>	<u>635</u>
Net Change in Fund Balance	<u>207,761</u>	<u>208,396</u>	<u>635</u>
Fund Balance—Beginning of year	<u>1,448,421</u>	<u>1,448,330</u>	<u>(91)</u>
Fund Balance —End of Year	<u>\$ 1,656,182</u>	<u>\$ 1,656,726</u>	<u>\$ 544</u>

Cumberland Green Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Conservation Trust Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:				
Lottery proceeds	\$ 12,000	\$ 14,047	\$ 14,047	\$ -
Total Revenue	<u>12,000</u>	<u>14,047</u>	<u>14,047</u>	<u>-</u>
Expenditures:				
Park maintenance/projects	7,500	27,437	27,437	-
Total Expenditures	<u>7,500</u>	<u>27,437</u>	<u>27,437</u>	<u>-</u>
Excess Revenue Over (Under) Expenditures	<u>4,500</u>	<u>(13,390)</u>	<u>(13,390)</u>	<u>-</u>
Net Change in Fund Balance	<u>4,500</u>	<u>(13,390)</u>	<u>(13,390)</u>	<u>-</u>
Fund Balance—Beginning of year	<u>21,982</u>	<u>21,983</u>	<u>21,983</u>	<u>-</u>
Fund Balance —End of Year	<u>\$ 26,482</u>	<u>\$ 8,593</u>	<u>\$ 8,593</u>	<u>\$ -</u>

Cumberland Green Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Variance Favorable (Unfavorable)
	<u>Original & Final</u>	<u>Actual</u>	
Revenue:			
Interest income	\$ 1	\$ 10	\$ 9
Total Revenue	<u>1</u>	<u>10</u>	<u>9</u>
Expenditures:			
Capital outlay	5,000	-	5,000
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess Revenue Over (Under)			
Expenditures	<u>(4,999)</u>	<u>10</u>	<u>5,009</u>
Other financing sources (uses)			
Interfund transfers	4,000	-	(4,000)
Total other financing sources (uses)	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Net Change in Fund Balance	<u>(999)</u>	<u>10</u>	<u>1,009</u>
Fund Balance —Beginning of year	5,785	5,785	-
Fund Balance —End of Year	<u>\$ 4,786</u>	<u>\$ 5,795</u>	<u>\$ 1,009</u>

Cumberland Green Metropolitan District
Schedule of Debt Service Requirements to Maturity
For the Year Ended December 31, 2023

\$5,700,000 General Obligation
Convertible Capital Appreciation Bonds
Series 2015
Interest Rate 5.25%
Principal Due December 1
Interest Payable June 1 and December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ended December 31,			
2024	\$ 90,000	\$ 287,175	\$ 377,175
2025	95,000	282,450	377,450
2026	110,000	277,463	387,463
2027	115,000	271,688	386,688
2028	130,000	265,650	395,650
2029	140,000	258,825	398,825
2030	155,000	251,475	406,475
2031	165,000	243,338	408,338
2032	185,000	234,675	419,675
2033	195,000	224,963	419,963
2034	215,000	214,725	429,725
2035	225,000	203,438	428,438
2036	250,000	191,625	441,625
2037	260,000	178,500	438,500
2038	285,000	164,850	449,850
2039	300,000	149,888	449,888
2040	325,000	134,138	459,138
2041	345,000	117,075	462,075
2042	375,000	98,963	473,963
2043	395,000	79,275	474,275
2044	425,000	58,538	483,538
2045	690,000	36,225	726,225
	<u>\$ 5,470,000</u>	<u>\$ 4,224,938</u>	<u>\$ 9,694,938</u>

Cumberland Green Metropolitan District
Summary of Assessed Valuation,
Mill Levy and Property Taxes Collected
December 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied (All Funds)	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 9,607,690	50.000	\$ 480,385	\$ 480,385	100.00%
2020	\$ 11,058,290	50.000	\$ 552,915	\$ 552,936	100.00%
2021	\$ 13,652,550	47.000	\$ 641,670	\$ 641,454	99.97%
2022	\$ 14,011,730	47.000	\$ 658,551	\$ 658,644	100.01%
2023	\$ 14,952,850	47.000	\$ 702,783	\$ 702,783	100.00%
Estimated for the year ending 12/31/2024	\$ 17,631,170	47.000	\$ 828,665		

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 or levy.