CHERRYLANE METROPOLITAN DISTRICT

SUPPLEMENT TO 2023 ANNUAL REPORT

Pursuant to §32-1-207(3)(c), C.R.S. and the Service Plan for Cherrylane Metropolitan District (the "District"), provides the following supplemental information to the 2023 annual report on the service plan for the year ended December 31, 2023:

§32-1-207(3) Statutory Requirements

1. **A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

   The Audit Report for the fiscal year ending December 31, 2023 ("**2023 Audit**") is attached hereto as **Exhibit A**.

Service Plan Requirements

1. **Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.**

   The Audit Report for the fiscal year ending December 31, 2023 ("**2023 Audit**") is attached hereto as **Exhibit A**.

EXHIBIT A
2023 Audit

CHERRYLANE METROPOLITAN DISTRICT

ADAMS COUNTY, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2023

Crady, Puca & Associates
Certified Public Accountants & Consultants

CHERRYLANE METROPOLITAN DISTRICT
ADAMS COUNTY, COLORADO

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Crady, Puca & Associates
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Cherrylane Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cherrylane Metropolitan District as of and for the year ended December 31, 2023, and related notes to the financial statements, which collectively comprise Cherrylane Metropolitan 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 each major fund of Cherrylane Metropolitan District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cherrylane Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cherrylane Metropolitan District's basic financial statements. The individual fund budgetary comparison schedule on page 20 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The individual budgetary comparison schedule 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crady, Puca & Associates

Aurora, Colorado
July 23, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHERRYLANE METROPOLITAN DISTRICT
Statement of Net Position
December 31, 2023

	Total Governmental Activities
Assets:	
Cash and investments - unrestricted	$ 43,388
Due from county treasurer	1,748
Property tax receivable	293,128
Prepaids	2,671
Cash and investments - restricted	13,297
Total assets	354,232
Deferred outflows of resources:	
Deferred loss on refunding	106,747
Total deferred outflows of resources	106,747
Liabilities:	
Accounts payable	7,720
Accrued interest	17,858
Bonds payable:	
Due within one year	5,000
Due in more than one year	3,695,000
Total liabilities	3,725,578
Deferred inflows of resources:	
Unavailable revenue - property taxes	293,128
Total deferred inflows of resources	293,128
Net position:	
Net investment in capital assets	-
Restricted for emergencies	2,267
Restricted for debt service	14,681
Unrestricted	(3,574,675)
Total net position	$ (3,557,727)

CHERRYLANE METROPOLITAN DISTRICT
Statement of Activities
For the Year Ended December 31, 2023

		Total Governmental Activities
Expenditures:		
Governmental activities:		
Accounting and audit	$	27,077
Legal		16,437
Insurance, bonds, and SDA dues		3,034
Treasurer fees		4,649
Bank and trustee fees		6,787
Elections		2,533
Website		600
Miscellaneous		459
Cost of issuance		196,250
Interest on long-term debt		345,117
Total expenditures		602,943
General Revenues:		
Property and specific ownership taxes		331,058
Interest income		21,422
Total general revenues, excluding special items		352,480
Special Items:		
Forgiveness of debt		3,363,199
Total general revenues and special items		3,715,679
Change in net position		3,112,736
Net position, beginning of year		(6,670,463)
Net position, end of year	$	(3,557,727)

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

CHERRYLANE METROPOLITAN DISTRICT
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
Assets:			
Cash and investments - unrestricted	$ 43,388	$ -	$ 43,388
Due from county treasurer	364	1,384	1,748
Property tax receivable	41,505	251,623	293,128
Prepaid expenses	2,671	-	2,671
Cash and investments - restricted	-	13,297	13,297
Total assets	$ 87,928	$ 266,304	$ 354,232
Liabilities:			
Accounts payable	$ 7,720	$ -	$ 7,720
Total liabilities	7,720	-	7,720
Deferred inflows of resources:			
Unavailable revenue - property taxes	41,505	251,623	293,128
Total deferred inflows of resources	41,505	251,623	293,128
Fund balance:			
Nonspendable- prepaid expenses	2,671	-	2,671
Restricted for emergencies	2,267	-	2,267
Restricted for debt service	-	14,681	14,681
Unassigned	33,765	-	33,765
Total fund balance	38,703	14,681	53,384
Total liabilities, deferred inflows of resources, and fund balances	$ 87,928	$ 266,304	$ 354,232

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

Total fund balance - governmental funds	$ 53,384
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(3,717,858)
Governmental funds report the effects of refundings and similar items when the debt is first issued, whereas amounts are deferred and amortized in the statement of activities.	106,747
Net position of governmental activities	$ (3,557,727)

The accompanying notes are an integral part of this financial statement.

CHERRYLANE METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Property tax	$ 64,470	$ 245,339	$ 309,809
Specific ownership tax	4,422	16,827	21,249
Interest income	6,687	14,735	21,422
Total revenues	75,579	276,901	352,480
Expenditures:			
Current:			
General government:			
Accounting and audit	27,077	-	27,077
Legal	16,437	-	16,437
Insurance, bonds and SDA dues	3,034	-	3,034
Treasurer fees	967	3,682	4,649
Bank and trustee fees	15	6,772	6,787
Website	600	-	600
Elections	2,533	-	2,533
Miscellaneous	459	-	459
Debt service:			
Cost of issuance	-	196,250	196,250
Interest	-	148,093	148,093
Total expenditures	51,122	354,797	405,919
Excess (deficiency) of revenues over expenditures	24,457	(77,896)	(53,439)
Other financing sources (uses):			
Refunding bonds issued	-	3,700,000	3,700,000
Payment to refunded bond escrow agent	-	(4,096,485)	(4,096,485)
Total other financing sources (uses)	-	(396,485)	(396,485)
Net change in fund balances	24,457	(474,381)	(449,924)
Fund balance, beginning of year	14,246	489,062	503,308
Fund balance, end of year	$ 38,703	$ 14,681	$ 53,384

The accompanying notes are an integral part of this financial statement.

CHERRYLANE METROPOLITAN DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

	Total Governmental Funds
Net change in fund balances of the governmental funds	$ (449,924)
Amounts reported for governmental activities in the statement of activities are different because:	
Some special items in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	3,363,199
The issuance of long-term debt (i.e. bonds and loans payable) provides current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. Repayment of principal of long-term debt consumes the current financial resources of governmental funds, but repayment reduces long-term liabilities in the statement of net position.	396,485
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.	(197,024)
Change in net position of governmental activities	$ 3,112,736

The accompanying notes are an integral part of this financial statement.

CHERRYLANE METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Property tax	$ 64,472	$ 64,470	$ (2)
Specific ownership tax	5,158	4,422	(736)
Other income	15,000	-	(15,000)
Interest income	1,500	6,687	5,187
Total revenues	86,130	75,579	(10,551)
Expenditures:			
General government:			
Accounting and audit	19,000	27,077	(8,077)
Legal	11,000	16,437	(5,437)
Insurance, bonds, and SDA dues	3,600	3,034	566
Treasurer fees	967	967	-
Elections	3,500	2,533	967
Website	600	600	-
Bank fees	-	15	(15)
Miscellaneous and contingency	16,200	459	15,741
Debt service:			
Developer principal repayment	30,000	-	30,000
Total expenditures	84,867	51,122	33,745
Net change in fund balance	1,263	24,457	23,194
Fund balance, beginning of year	23,428	14,246	(9,182)
Fund balance, end of year	$ 24,691	$ 38,703	$ 14,012

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Cherrylane Metropolitan District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District is a quasi-municipal corporation organized by a court order dated February 21, 2013. The District is governed by a five-member elected Board of Directors and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to finance and construct certain public infrastructure to support the needs of a planned residential development in Adams County, Colorado.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. 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 as defined by GASB.

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

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property and specific ownership taxes.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

The fund financial statements provide information about the government's funds.

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

Debt Service Fund - accounts for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term general obligation debt.

As a general rule, the effects of interfund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically. Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. As of December 31, 2023, the District did not hold any investments required to be reported under fair value.

Property Taxes

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

Capital Assets

Capital assets, which include infrastructure assets such as roads, water and sanitation, and parks and recreation are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the estimated useful lives of the capital assets. Depreciation on property that remain assets of the District is reported as a current charge in the statement of activities. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. All capital assets acquired or constructed by the District have been conveyed to other governments.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualities in this category, *deferred loss on refunding*. This amount resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balance on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision-making authority. The constraint may be removed or changed only through formal action of the Board of Directors.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted–net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

2. Stewardship, Compliance, and Accountability (continued)

Budgets and Budgetary Accounting (continued)

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget.

The budget and the appropriating resolution are adopted prior to December 31.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceeded appropriations is at the fund level. All appropriations lapse at year end.

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined 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 also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants, and sales of assets). The District has reserved a portion of its December 31, 2023 year-end fund balance in the General Fund for emergencies as required under TABOR totaling $2,267 which is the approximate required reserve at December 31, 2023.

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On November 6, 2012, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

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

Cash and investments - unrestricted	$	43,388
Cash and investments - restricted		13,297
	$	56,685

The following is a summary of deposits and investments held by the District at December 31, 2023:

Type	Ratings per Standard & Poor's		Total as of December 31, 2023
Deposits with financial institutions	n/a	$	7,638
COLOTRUST PLUS+	AAAm		49,047
Total		$	56,685

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at a minimum of 102% of the aggregate uninsured deposits.

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

Investments

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

3. Detailed Notes on the Funds (continued)

Investments (continued)

As of December 31, 2023, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, certain repurchase agreements, and collateralized bank deposits, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ at net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less.

Custodial Credit Risk: As of December 31, 2023, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk**:** Colorado Revised Statutes (CRS) limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pool

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2023 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct placement and direct borrowings:					
Series 2018A GO Bonds	$ 3,110,000	$ -	$ (3,110,000)	$ -	$ -
Series 2018B GO Bonds	574,000	-	(574,000)	-	-
Series 2023 GO Loan	-	3,700,000	-	3,700,000	5,000
Developer advances – capital	2,321,624	-	(2,321,624)	-	-
Total	$ 6,005,624	$ 3,700,000	$ (6,005,624)	$ 3,700,000	$ 5,000

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Taxable (Convertible to Tax-Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan

On August 29, 2023 the District entered into a Taxable (Convertible to Tax-Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan ("2023 GO Loan") in the amount of $3,700,000 to refund the 2018A Senior Bonds, to refund the 2018B Subordinate Bonds, fund the loan payment fund in the amount of $66,455, and pay the cost of issuance of the 2023 GO Loan. The 2023 GO Loan matures on December 1, 2053.

The 2023 GO Loan bears interest at a rate of 7.121% until the tax-exempt reissue date which occurred on November 15, 2023 at which time the interest rate became 5.6968%. The interest rate will reset on December 1, 2028 and reset every five years at a rate determined as the greater of (a) the sum of the 5-Year U.S. Treasury Rate plus 250 basis points multiplied by 80%, or (b) 4%. Interest is paid semiannually on each June 1 and December 1, commencing on December 1, 2023. Interest is based on a 360-day year based on days elapsed in the period and unpaid interest compounds on each interest payment date at the then applicable interest rate.

The 2023 GO Loan is subject to a mandatory sinking fund redemption commencing on December 1, 2024 and is subject to redemption on any part prior to maturity upon payment of accrued interest, and a redemption premium that ranges between 0% and 3%. No prepayment premium shall be due with respect to prepayment of any portion of the 2023 GO Loan with excess revenues of the District from any source, other than borrowed moneys.

The 2023 GO Loan is secured by the property tax revenues derived from the Required Mill Levy as outlined in the loan agreement, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available funds as determined by the District.

Events of default as defined in the loan agreement for the District's 2023 GO Loan include (1) failure by the District to impose the Required Mill Levy or apply the pledged revenue as required by the loan agreement, (2) default by the District in performance or observance of any other covenants in the loan agreement and such default continues for thirty days after written notice specifying such default and requiring remedy, (3) the District fails to pay principal of or interest when due on the 2023 GO Loan, (4) the pledge of the pledged revenue, and (5) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the loan agreement. Remedies available in the event of default include suit, action, or special proceedings. Additionally, upon the occurrence and during the continuance of any material event of default, the 2023 GO Loan will bear interest at the default interest rate as outlined in the loan agreement. No remedy, other than the application of the default interest rate, is available for failure to pay principal and interest on the loan when due. Any amount of principal and interest unpaid after the application of all pledged revenues shall be deemed discharged as of December 1, 2058.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

General Obligation Limited Tax Convertible to Unlimited Tax Bonds Series 2018A and Subordinate General Obligation Limited Tax Bonds Series 2018B

On May 2, 2018, the District issued $3,190,000 of General Obligation Limited Tax Convertible to Unlimited Tax Bonds Series 2018A ("2018A Senior Bonds") and $574,000 of Subordinate General Obligation Limited Tax Bonds Series 2018B ("2018B Subordinated Bonds") to finance public improvements, pay cost of issuance of the 2018A Senior Bonds and the 2018B Subordinate Bonds, and fund the Capitalized Interest Fund and the Senior Reserve Bond Fund. The 2018A Senior Bonds bear interest at a rate of 5.25%, payable semiannually on each June 1 and December 1, commencing on December 1, 2018, and maturing on December 1, 2047. The 2018B Subordinate Bonds bear interest at a rate of 7.375%, payable annually on December 15, commencing on December 15, 2018, to the extent that pledged revenue is available, maturing on December 15, 2047. Unpaid interest on the 2018B Subordinated Bonds is capitalized.

The 2018A Senior Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2020 and 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, commencing on December 1, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2018B Subordinate 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, commencing on December 15, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The 2018B Subordinate Bonds are cash flow bonds and are subject to mandatory redemption from subordinate pledged revenue, if any, on deposit in the subordinate bond fund.

The 2018A Senior Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, capital fees (if any), and any other legally available funds as determined by the District. In connection with the 2018A Senior Bonds, the District is required to maintain a Reserve Fund in the amount of $251,750 which was funded upon issuance. In addition, the District is required to maintain a Senior Surplus Fund to a maximum amount of $319,000.

The 2018B Subordinated Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinated Required Mill Levy, capital fees (if any), any other legally available funds as determined by the District, and any amounts remaining in the Senior Surplus Fund after termination of the fund.

The 2018A Senior Bonds and the 2018B Subordinated Bonds were advance refunded in full by the issuance of the 2023 GO Loan on August 29, 2023.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Advance Refunding

On August 29, 2023, the District entered into the 2023 GO Loan agreement to advance refund the 2018A Senior Bonds and the 2018B Subordinate Bonds. In connection with the refunding, the District placed the proceeds of the 2023 GO Loan in the amount of $3,700,000 along with $396,486 of its own resources into an irrevocable trust with an escrow agent to provide funds for all future debt service payments on the refunded bonds. As a result, the 2018A Senior Bonds and the 2018B Subordinate Bonds are considered defeased and the liability for those bonds have been removed from the statement of net position. At December 31, 2023, no amounts are outstanding on the defeased bonds.

The reacquisition price exceeded the net carrying value of the old debt by $106,747. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt which had a shorter remaining life than the refunded debt. The advance refunding increased the District's total debt service payments by $481,593 to obtain an economic loss (difference between the present value of the debt service payments on the old and new debt) of $148,089.

The following is a summary of the annual long-term debt principal and interest requirements for the 2023 GO Loan. As the debt is variable rate debt, the interest is determined based on the December 31, 2023 interest rate of 5.6968%.

Year Ending December 31,	Principal	Interest	Total
2024	$ 5,000	$ 214,295	$ 219,295
2025	5,000	213,420	218,420
2026	10,000	213,132	223,132
2027	10,000	212,554	222,554
2028	15,000	212,557	227,557
2029-2033	345,000	1,021,374	1,366,374
2034-2038	495,000	905,540	1,400,540
2039-2043	680,000	740,764	1,420,764
2044-2048	920,000	517,782	1,437,782
2049-2053	1,215,000	219,217	1,434,217
Total	$ 3,700,000	$ 4,470,635	$ 8,170,635

As of December 31, 2023, the District had total authorized debt of $63,000,000 of which $7,464,000 has been issued, leaving an authorized but unissued balance of $55,536,000. Per the District's Service Plan, the District cannot issue debt in excess of $4,500,000 without the approval of the City.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Developer Obligations

On November 11, 2015, the District entered into an agreement with the Developer to fund the operations costs shortfall of the District through December 31, 2018. Interest is to be accrued on this obligation at 8% per annum from the date of the advance.

In April 2018, the District approved a resolution regarding the acceptance of district eligible costs for public improvements funded by the Developer. The resolution approved eligible costs for developer reimbursement in the amount of $5,474,925. During 2018, the District issued 2018A Senior Bonds and the 2018A Subordinate Bonds and paid $3,113,901 to the Developer under this resolution.

On August 10, 2023, the Developer forgave the remaining principal and accrued interest on the developer obligations in the amount of $3,363,199 which is shown as a special item in the statement of activities. As a result, no amounts are due to the Developer at December 31, 2023.

4. Other Information

Related Party

One member of the Board of Directors who served during the year is associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

The District has entered into various funding agreements with the Developer, see Note 3.

Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the Pool"). The Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official's liability, property, and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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. During the year ended December 31, 2023, the Pool has made no distributions nor required additional contributions from the District.

5. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Explanation of the reconciling items is as follows:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:

Bonds payable	$	(3,700,000)
Accrued interest on bonds		(17,858)
Net adjustment	$	(3,717,858)

Government funds report the effects of refundings and similar items when the debt is first issued, whereas amounts are deferred and amortized in the statement of activities:

Deferred amount on refunding	$	106,747

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

Some special items in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. The difference is due to forgiveness of developer debt including principal and accrued interest of $3,363,199.

The issuance of long-term debt (i.e. bonds and loans payable) provides current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. Repayment of principal of long-term debt consumes the current financial resources of governmental funds, but repayment reduces long-term liabilities in the statement of net position. The details of this difference are as follows:

Issuance of refunding bonds	$	(3,700,000)
Payment to escrow agent		4,096,485
Net adjustment	$	396,485

The reconciliation states that “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.” The difference is due to a net increase in accrued interest on the general obligation bonds, loans, and developer debt of $(197,024).

SUPPLEMENTARY INFORMATION

CHERRYLANE METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final
Revenues:				
Property tax	$ 245,346	$ 245,346	$ 245,339	$ (7)
Specific ownership tax	19,628	19,628	16,827	(2,801)
Interest income	17,000	17,000	14,735	(2,265)
Total revenues	281,974	281,974	276,901	(5,073)
Expenditures:				
General government:				
Treasurer fees	3,680	3,680	3,682	(2)
Bank and trustee fees	6,500	6,500	6,772	(272)
Miscellaneous and contingency	5,000	200,000	-	200,000
Debt service:				
Cost of issuance	-	200,419	196,250	4,169
Principal	35,000	10,000	-	10,000
Interest	163,275	482,235	148,093	334,142
Total expenditures	213,455	902,834	354,797	548,037
Excess (deficiency) of revenues over expenditures	68,519	(620,860)	(77,896)	542,964
Other financing sources (uses):				
Refunding bonds issues	-	3,830,000	3,700,000	(130,000)
Payment to refunded bond escrow agent	-	(3,684,000)	(4,096,485)	(412,485)
Total other financing sources (uses)	-	146,000	(396,485)	(542,485)
Net change in fund balance	68,519	(474,860)	(474,381)	479
Fund balance, beginning of year	489,418	489,062	489,062	-
Fund balance, end of year	$ 557,937	$ 14,202	$ 14,681	$ 479

The accompanying notes are an integral part of this financial statement.