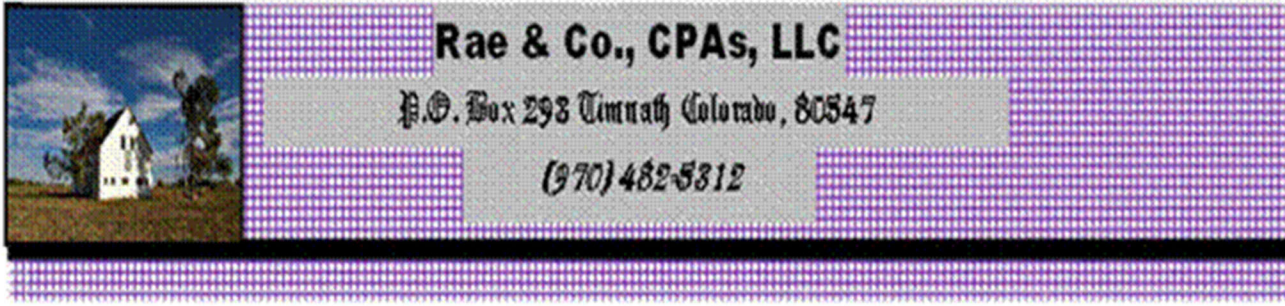


FOREST LAKES METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
December 31, 2022

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BASIC FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Forest Lake Metropolitan District
Bayfield, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Forest Lakes Metropolitan District, (the District) Bayfield, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Forest Lake Metropolitan District, Bayfield, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to these financial statements effective January 1, 2022 the District implemented GASB Statement 87 *Leases*. This guidance requires lessees to recognize a right-to-use asset and corresponding lease liability.

In addition, as described in Note 14 to these financial statements the District has restated the beginning fund equity for both the government wide statements as well as the individual fund statements. These restatements were to:

- ✚ Reclassify amounts received in 2021 for tap and connection fees to be revenue for the year ended December 31, 2022,
- ✚ To change the allocation of deferred inflows and outflows for the pension and OPEB plans to match the allocation of payroll expense,
- ✚ To implement GASB Statement 84 *Fiduciary Activities* and to reclassify certain liabilities to net position.

Our opinions are not modified with respect to these matters.

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and the schedules related to the pension and OPEB plans be presented to

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

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 opinions on the financial statements that collectively comprise the Forest Lakes Metropolitan District's basic financial statements. The Enterprise Fund budget to actual comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Firm's Signature

Rae & Co., CPAs, LLC

Rae & Co., CPAs, LLC
Timnath, Colorado
January 6, 2024

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 587,307	\$ 719,801	\$ 1,307,108
Cash with County Treasurer	6,555	-	6,555
Receivables			
Accounts (net of allowance)	28,860	68,487	97,347
Property taxes	348,408	356,301	704,709
Prepaid expenses	13,050	26,100	39,150
Inventory of supplies	17,000	37,040	54,040
Capital assets, not being depreciated			
Land, water rights and construction in progress	788,548	1,125,927	1,914,475
Capital assets, net of accumulated depreciation			
Buildings, equipment and infrastructure	442,515	4,426,191	4,868,706
Right to use assets, net of accumulated amortization			
Equipment	111,076	111,076	222,152
Net pension asset	26,776	41,880	68,656
Total assets	<u>2,370,095</u>	<u>6,912,803</u>	<u>9,282,898</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	32,404	50,684	83,088
Deferred outflows related to OPEB	5,815	9,094	14,909
Total deferred outflows of resources	<u>38,219</u>	<u>59,778</u>	<u>97,997</u>
LIABILITIES			
Accounts payable	20,831	14,405	35,236
Accrued liabilities	23,138	13,710	36,848
Net OPEB liability	20,931	32,741	53,672
Due to other funds	126,654	-	126,654
Noncurrent liabilities			
Due within one year	23,021	31,711	54,732
Due in more than one year	213,315	323,866	537,181
Total liabilities	<u>427,890</u>	<u>416,433</u>	<u>844,323</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	348,408	356,301	704,709
Deferred inflows related to pensions	232,072	362,983	595,055
Deferred inflows related to OPEB	7,394	11,565	18,959
Total deferred inflows of resources	<u>587,874</u>	<u>730,849</u>	<u>1,318,723</u>
NET POSITION			
Net investment in capital assets	1,115,573	5,322,898	6,438,471
Restricted			
Emergency reserves	27,554	-	27,554
Conservation trust	20,571	-	20,571
Unrestricted	228,852	502,400	731,252
Total net position	<u>\$ 1,392,550</u>	<u>\$ 5,825,298</u>	<u>\$ 7,217,848</u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 489,834	\$ 198,197	\$ -	\$ (286,348)	\$ -	\$ (286,348)
Public works	446,538	190,609	10,000	(239,597)	-	(239,597)
Culture and recreation	48,046	-	-	(34,787)	-	(34,787)
Interest on long-term debt	7,967	-	-	(7,967)	-	(7,967)
Total governmental activities	992,385	388,806	10,000	(568,699)	-	(568,699)
Business-type activities						
Water	707,102	558,969	69,982	-	(78,151)	(78,151)
Sewer	473,587	252,808	64,348	-	(156,431)	(156,431)
Total business-type activities	1,180,689	811,777	134,330	-	(234,582)	(234,582)
Total primary government	\$ 2,173,074	\$ 1,200,583	\$ 144,330	(568,699)	(234,582)	(803,281)
General revenues:						
Taxes						
Property				346,890	357,729	704,619
Specific ownership				78,741	-	78,741
Highway users				66,043	-	66,043
Investment earnings				6,172	12,113	18,285
Pension/OPEB revenue				78,172	122,269	200,441
Other				20,203	25,076	45,279
Transfers				(440,000)	440,000	-
Total general revenues and transfers				156,221	957,187	1,113,408
Change in net position				(412,478)	722,605	310,127
NET POSITION AS ORIGINALLY REPORTED				1,840,354	5,130,867	6,971,221
RESTATEMENT						
Due to pension OPEB restatement				(35,326)	35,326	-
Deferred tap fee revenue				-	(63,500)	(63,500)
NET POSITION ENDING				\$ 1,392,550	\$ 5,825,298	\$ 7,217,848

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

**FOREST LAKES METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
GENERAL FUND
December 31, 2022**

	General
ASSETS	
Cash and investments	\$ 587,307
Cash with County Treasurer	6,555
Receivables	
Accounts	28,860
Property taxes	348,408
Prepaid expenses	13,050
Inventory of supplies	17,000
Total assets	\$ 1,001,180
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 20,831
Accrued expenses	23,138
Due to other funds	126,654
Total liabilities	170,623
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	348,408
 FUND BALANCES	
Nonspendable	
Prepaid expenses	13,050
Inventory	17,000
Restricted	
Emergency reserves	27,554
Conservation trust	20,571
Unassigned	417,024
Total fund balances	482,149
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,001,180

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

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**FOREST LAKES METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND-GENERAL FUND
December 31, 2022**

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

Total fund balance - Total governmental funds	\$ 482,149
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,342,139
The pension asset, deferred outflows, and differed inflows are not due and payable in the current period and therefore are not recorded in the funds.	(172,892)
The deferred outflows, net OPEB liability, and differed inflows are not due and payable in the current period and therefore are not recorded in the funds.	(22,510)
Noncurrent liabilities, including compensated absences, leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(236,336)</u>
Net position of governmental activities	<u><u>\$ 1,392,550</u></u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
GENERAL FUND
Year Ended December 31, 2022

	General
REVENUES	
Taxes	
Property	\$ 346,890
Specific ownership	78,741
Fees	11,621
Intergovernmental	89,302
Charges for services	388,806
Net investment income	6,172
Other	20,203
Total revenues	941,735
 EXPENDITURES	
Current	
General government	452,798
Public works	425,608
Culture and recreation	42,944
Debt service	
Principal	132,506
Interest	7,967
Capital outlay	56,473
Total expenditures	1,118,296
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(176,561)
 OTHER FINANCING SOURCES (USES)	
Proceeds and issuance of debt	173,546
Transfers out	(440,000)
Total other financing sources (uses)	(266,454)
 NET CHANGE IN FUND BALANCES	(443,015)
 FUND BALANCES - BEGINNING OF YEAR	925,164
 FUND BALANCES - END OF YEAR	\$ 482,149

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

**FOREST LAKES METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND-GENERAL FUND
Year Ended December 31, 2022**

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

Net change in fund balances - Total governmental funds		\$ (443,015)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation and amortization expense. This is the amount by which capital outlay and donated infrastructure exceeded depreciation and gain on the disposal of assets in the current period</p>		
Capital outlay	\$ 56,473	
Depreciation and amortization	<u>(65,883)</u>	(9,410)
<p>The issuance of long-term debt (e.g. leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds and issuance of debt	(173,546)	
Principal payments made	<u>132,506</u>	(41,040)
<p>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.</p>		
Change in compensated absences	2,815	
Pension revenues	76,849	
OPEB revenue	<u>1,323</u>	80,987
Change in net position of governmental activities		<u><u>\$ (412,478)</u></u>

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

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

	Water Fund	Wastewater Fund	Totals
Current assets			
Cash and investments	\$ 543,148	\$ 176,653	\$ 719,801
Receivables			
Accounts (net of allowance)	44,440	24,047	68,487
Property taxes	154,543	201,758	356,301
Prepaid expenses	13,050	13,050	26,100
Inventory of supplies	33,334	3,706	37,040
Total current assets	<u>788,515</u>	<u>419,214</u>	<u>1,207,729</u>
Noncurrent assets			
Capital assets, not being depreciated			
Land, water rights and construction in progress	875,206	250,721	1,125,927
Capital assets, net of accumulated depreciation			
Buildings, equipment and infrastructure	2,705,973	1,720,218	4,426,191
Right to use asset, not being amortized			
Equipment	77,753	33,323	111,076
Net pension asset	23,343	18,537	41,880
Total noncurrent assets	<u>3,682,275</u>	<u>2,022,799</u>	<u>5,705,074</u>
Total assets	<u>4,470,790</u>	<u>2,442,013</u>	<u>6,912,803</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	28,250	22,434	50,684
Deferred outflows related to OPEB	5,069	4,025	9,094
Total deferred outflows of resources	<u>33,319</u>	<u>26,459</u>	<u>59,778</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,393	6,012	14,405
Accrued liabilities	7,638	6,072	13,710
Loans payable-current	3,004	3,004	6,008
Leases payable-current	12,644	5,419	18,063
Compensated absences-current	4,258	3,382	7,640
Total current liabilities	<u>35,937</u>	<u>23,889</u>	<u>59,826</u>
Noncurrent liabilities:			
Loans payable	110,726	110,726	221,452
Leases payable	66,341	28,432	94,773
Compensated absences	4,259	3,382	7,641
Net OPEB liability	18,249	14,492	32,741
Total noncurrent liabilities	<u>199,575</u>	<u>157,032</u>	<u>356,607</u>
Total liabilities	<u>235,512</u>	<u>180,921</u>	<u>416,433</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	154,543	201,758	356,301
Deferred inflows related to pensions	202,318	160,665	362,983
Deferred inflows related to OPEB	6,446	5,119	11,565
Total deferred outflows of resources	<u>363,307</u>	<u>367,542</u>	<u>730,849</u>
NET POSITION			
Net investment in capital assets	3,466,217	1,856,681	5,322,898
Unrestricted	439,073	63,327	502,400
Total net position	<u>\$ 3,905,290</u>	<u>\$ 1,920,008</u>	<u>\$ 5,825,298</u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Water Fund	Wastewater Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 555,113	\$ 249,867	\$ 804,980
Fees	3,856	2,941	6,797
Total operating revenues	<u>558,969</u>	<u>252,808</u>	<u>811,777</u>
OPERATING EXPENSES			
Source of supply	141,034	-	141,034
Treatment	12,778	109,006	121,784
Transmission	161,856	126,841	288,697
Administration	258,074	148,459	406,533
Debt service			
Interest	6,647	4,885	11,532
Depreciation	126,713	84,396	211,109
Total operating expenses	<u>707,102</u>	<u>473,587</u>	<u>1,180,689</u>
Operating loss	<u>(148,133)</u>	<u>(220,779)</u>	<u>(368,912)</u>
NON-OPERATING REVENUES (Expenses)			
Property taxes	154,064	203,665	357,729
Sale of capital assets	-	100	100
Pension/OPEB income	68,151	54,118	122,269
Investment income	6,092	6,021	12,113
Other	1,652	23,324	24,976
Total non-operating revenues (expenses)	<u>229,959</u>	<u>287,228</u>	<u>517,187</u>
Income (loss) before capital contributions and transfers	<u>81,826</u>	<u>66,449</u>	<u>148,275</u>
Contributed capital			
Tap fees	63,650	60,800	124,450
Impact fees	6,332	3,548	9,880
Total contributed capital	<u>69,982</u>	<u>64,348</u>	<u>134,330</u>
Transfers in	-	440,000	440,000
CHANGE IN NET POSITION	151,808	570,797	722,605
NET POSITION AS ORIGINALLY REPORTED	3,755,765	1,375,102	5,130,867
RESTATEMENT			
For pension/OPEB liability	30,467	4,859	35,326
For deferred tap fees	(32,750)	(30,750)	(63,500)
NET POSITION -ENDING	<u>\$ 3,905,290</u>	<u>\$ 1,920,008</u>	<u>\$ 5,825,298</u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
December 31, 2022

	Water Fund	Wastewater Fund	Totals
Cash flows from operating activities			
Receipts from customers and users	\$ 548,679	\$ 245,921	\$ 794,600
Payments to suppliers	(367,746)	(275,816)	(643,562)
Payments to employees	(206,099)	(115,074)	(321,173)
Other receipts	1,648	23,324	24,972
Net cash provided by operating activities	<u>(23,518)</u>	<u>(121,645)</u>	<u>(145,163)</u>
Cash flows from noncapital financing activities			
Property and specific ownership taxes	152,879	192,876	345,755
Interfund borrowings and payments	276,077	(276,077)	-
Transfers from other funds	-	440,000	440,000
Net cash provided by (used for) noncapital financing activities	<u>428,956</u>	<u>356,799</u>	<u>785,755</u>
Cash flows from capital and related financing activities			
Capital contributions	37,232	33,598	70,830
Debt proceeds	173,545	173,545	347,090
Principal paid on debt	(128,034)	(122,074)	(250,108)
Interest paid on debt	(6,647)	(4,885)	(11,532)
Acquisition of capital assets	(125,919)	(144,807)	(270,726)
Proceeds from the sale of capital assets	-	100	100
Net cash used for capital and related financing activities	<u>(49,823)</u>	<u>(64,523)</u>	<u>(114,346)</u>
Cash flows from investing activities			
Investment income	6,092	6,021	12,113
Net cash provided by investing activities	<u>6,092</u>	<u>6,021</u>	<u>12,113</u>
Net change in cash and equivalents	361,707	176,652	538,359
Cash and equivalents, beginning of year	181,441	-	181,441
Cash and equivalents, end of year	<u>\$ 543,148</u>	<u>\$ 176,652</u>	<u>\$ 719,800</u>
Reconciliation of operating loss to net cash from operating activities			
Operating income (loss)	<u>\$ (148,133)</u>	<u>\$ (220,779)</u>	<u>\$ (368,912)</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	126,719	84,396	211,115
Other income	1,648	23,324	24,972
Interest paid	6,647	4,885	11,532
Changes in operating assets and liabilities			
(Increase) decrease in receivables	(10,290)	(6,887)	(17,177)
(Increase) decrease in prepaid expenses	(13,050)	(13,050)	(26,100)
(Increase) decrease in inventory	21,734	5,941	27,675
(Decrease) increase in accounts payable	(10,206)	(1,702)	(11,908)
(Decrease) increase in accrued liabilities	1,413	2,227	3,640
Total adjustments	<u>124,615</u>	<u>99,134</u>	<u>223,749</u>
Net cash used by operating activities	<u>\$ (23,518)</u>	<u>\$ (121,645)</u>	<u>\$ (145,163)</u>
Noncash investing, capital, and financing activities			
Transactions related to the pension liability	\$ (95,504)	\$ (58,976)	\$ (154,480)
Restatements of equity due to:			
Equipment added due adoption of Standard	89,416	38,321	127,737
Lease liabilities added due to adoption of Standard	(89,416)	(38,321)	(127,737)
Deferred tap fees	(32,750)	(30,750)	(63,500)
Pension deferred inflows and outflows	30,467	4,859	35,326
Total noncash investing, capital, and financing activities	<u>\$ (97,787)</u>	<u>\$ (84,867)</u>	<u>\$ (182,654)</u>

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

ELBERT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022

	Custodial Funds
	Bond Escrow Fund
ASSETS	
Due from other funds	\$ 126,654
Total assets	126,654
LIABILITIES	
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 126,654

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

ELBERT COUNTY, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022

Custodial Funds

**Bond Escrow
Fund**

ADDITIONS	\$ -
DEDUCTIONS	-
Net increase (decrease) in fiduciary net position	-
NET POSITION AS ORIGINALLY REPORTED	
RESTATEMENTS	
For the adoption of GASB Statement 84	<u>126,654</u>
Net position-ending	<u><u>\$ 126,654</u></u>

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

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - DEFINITION OF REPORTING ENTITY

Forest Lakes Metropolitan District (the District) is a political subdivision located in La Plata County, Colorado. The District was established pursuant to a court order dated July 18, 1973. The District provides maintenance operations for its roads, vehicles and buildings along with water and sanitation facilities to residences within and outside of the District. The District encompasses approximately 1,865 acres consisting of 1,600 parcels with 826 structures and approximately 2,000 residences.

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 reporting 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. Based on this criterion, the District reports no component units nor is it included as a component unit of any government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the more significant policies.

Government-wide and Fund Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of all nonfiduciary activities of the primary government. Balances between the funds included in governmental and business-type activities columns are eliminated so that only the net amount is included as internal balances. Eliminations have been made to minimize, the double counting of internal activities of the District. These statements distinguish between governmental and business-type activities of the District. Governmental funds are financed through taxes, intergovernmental revenue, charges for services, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. In addition, these funds receive an allocation of property tax revenues. The Custodial Fund accounts for assets held by the District in a trustee position. These amounts are bearer bonds related to general obligation bonds from prior years. The District acts as the escrow agent for these bonds.

The statement of net position reports all financial and capital resources of the primary government. This statement also reports the amounts of long-term debt. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, business-type funds and fiduciary funds, Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, the proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and payment of principal for bonds, leases, and compensated absences and are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The District has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, the District considers grant revenues to be available if they are anticipated to be collected within a year after the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and charges for services. All other revenue items are considered measurable and available only when cash is received by the District. Expenditures, other than interest on leases and notes payable, and certain compensated absences, are recorded when the liability is incurred, or the long-term obligation is due.

Major Funds - In the fund financial statements, the District reports the following major governmental fund:

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

The District also reports the following major proprietary funds:

- The *Water Fund* reports transactions related to the District's water wells, treatment facilities and distribution operations.
- The *Wastewater Fund* reports transactions related to the District's Wastewater collection and the treatment operations.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Non-Major Funds

- The custodial fund, the *Bond Escrow Fund* is used to account for bearer bonds related to the general obligation bonds from prior years.

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level, which includes other financing uses, and lapse at year end. The District can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The Water and Wastewater Funds' budgets are reported on a non-GAAP basis. Principal amounts related to notes payable and the cost of capital assets are reported budgetary expenditures. Depreciation expense is not included in the budget.

The General Fund's expenditures exceed the amounts appropriated. This occurred as the General Fund transferred \$440,000 to the Wastewater Fund for the repayment of interfund loans. In addition, the General Fund paid off the construction loan and entered into a permanent financing for the administration building.

The Bond Escrow Fund does not present a budget to actual statement. After consultation with the State of Colorado and GASB, management believes that there is no requirement for custodial funds to adopt a budget.

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

Cash and Investments - The District invests the funds to achieve the best possible return on the investment while ensuring the principal is maintained. Net investment income is allocated to the General, Water, and Wastewater Funds. For the purposes of the Statement of Cash Flows, cash and cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value, with the exception of the local government investment pool, which is stated at the net asset value of the shares owned.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accounts Receivable – Accounts receivable relate to amounts collected in 2023 which the District earned or were entitled to during the 2022 fiscal year. The allowance for doubtful accounts is as follows:

▪ General Fund	\$ 1,676
▪ Water Fund	4,918
▪ Wastewater Fund	396

Prepaid expenses – 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.

Inventories - Inventories of supplies held for consumption by the General, Water and Wastewater Funds are valued at average cost. The inventory in the General Fund consist of gravel materials for streets and fuel. Enterprise fund inventories consist of various parts and supplies. Inventories are reported at the lower of cost or market value.

The cost of inventory is recorded as an expenditure at the time individual inventory items are used.

Reported inventories. In the General Fund inventories are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of assets.

Capital Assets - Capital assets, which include property, equipment, and infrastructure (e.g., roads and similar items), and intangibles (e.g., water rights), are reported in the government-wide financial and the proprietary fund statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the District are depreciated using the straight-line method over the estimated economic useful lives:

Buildings and Improvements	10 - 40 years
Utility plant and improvements	20 - 50 years
Machinery, equipment and vehicles	5 - 10 years
Infrastructure	15 - 50 years

Unearned Revenues – Unearned revenues consist of advances received on grants and fees received in advance of performing services that are recognized as revenue when the terms of the grant are fulfilled or the services are performed.

Compensated Absences - The District has a policy that allows employees to accumulate unused vacation benefits up to a maximum of 80 hours. The District manager can allow an employee to carryover amounts in excess of 80 hours.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

If an employee terminates in their first year of employment no unused vacation is paid. Compensated absences are accrued when earned in the government-wide financial and proprietary fund statements. A liability is reported in the governmental funds when payment is due.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund financial statements. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures. In the proprietary fund statements, principal payments on the debt reduce the liability in the fund statements.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the year ended December 31, 2022, the District includes \$83,088 of deferred outflows of resources related to pensions and \$14,909 related to OPEB. In addition to liabilities, the statement of financial 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period totaling \$704,709, inflows related to pensions 595,054 and inflows related to OPEB 18,959.

Equity - In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. 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.

In the fund financial statements, governmental funds report fund balance in five different classifications:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board, as the Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2022, the District has no committed fund balance.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2022, the District has no assigned fund balance.

Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund.

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. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes are levied by the LaPlata County. 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 put a tax lien on the individual properties as of January 1 of the following year. The District Treasurer collects the District's taxes during the ensuing calendar year. 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. Property taxes levied in the previous year, but collected in subsequent year, are recorded as taxes receivable and a deferred inflow of resources in the year there is an enforceable lien and the amount is measurable. Amounts deferred are subsequently recorded as revenue in the year they were levied for.

Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost sharing multi-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability (asset) deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Other Postemployment Benefits (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows and inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statements Implemented for the Year Ended December 31, 2022

The District implemented GASB Statement 87 *Leases* during the current fiscal year. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating or capital leases. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. As more fully described in Note 6 to the financial statements, the District as a Lessee is required to recognize a liability and an intangible right-to-use lease asset. The lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities.

The adoption of GASB 87 resulted in a restatement to beginning balances for right-to-use assets, accumulated amortization of the right-to-use asset, and leases payable. The District recorded a right to use assets totaling and liabilities totaling \$255,476.

Upcoming Accounting Pronouncements

In May 2020, the GASB issued Statement 96 *Subscription Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize an intangible right-to-use subscription asset and subscription liability. The standards for SBITAs are based on the standards established in Statement No. 87 *Leases* described above. This statement is effective for fiscal years beginning after June 15, 2022. The District is currently evaluating the impact this statement will have on its financial statements.

In June, 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This Statement is effective for fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a united model and by amending certain required disclosures.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid. This Statement is effective for fiscal years beginning after December 15, 2023. The District is currently evaluating the impact this statement will have on its financial statements.

Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year presentation.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 587,307
Business-type activities	
Cash and investments	719,801
Total cash and investments.	<u>\$ 1,307,108</u>
Cash on deposit	\$ 239,464
Investments	1,067,544
Total cash and investments.	<u>\$ 1,307,108</u>

Deposits with Financial Institutions

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

The State Bank Commissioner is 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, 2022, the District's cash deposits had a bank balance of \$261,842 and a carrying balance of \$239,464. As of December 31, 2022, of the District's deposits \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$11,481 was covered by the PDPA.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

The District does not have an investment policy but follows Colorado state statutes.

Concentration of credit risk. The District generally limits its concentration of investments to certain local government investment pools, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk.

Interest rate risk. As of December 31, 2022, the District had the following investments, subject to interest rate risk:

	Weighted Average Maturity	Net Asset Value
COLOTRUST PLUS+	27 days to reset 77 days to maturity	\$ 1,067,544

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The District invests in COLOTRUST PLUS+. The PLUS+ Trust operates similarly to a money market fund and each share is equal in value to \$1.00. This portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST Plus+ is rated AAAM by Standards & Poor's. COLOTRUST's PLUS+ does not have any unfunded commitments, redemption restrictions or redemption notice periods.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

As the District's investments are valued at net asset value, no investments are subject to the fair value hierarchy.

NOTE 4 - TAX, SPENDING AND DEBT LIMITATIONS

In 1992, the Colorado voters approved the "Taxpayers Bill of Rights (TABOR). TABOR requires voter approval of any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue or spending by more than inflation plus a local growth factor.

On May 3, 1994, a majority of the District's electors authorized the District to retain all revenues from any source without limitation including those of TABOR.

The District's management believes it is in compliance with the provisions of the Taxpayer Bill of Rights (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. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statement.

The State Constitution also requires local governments to establish emergency reserves equal to at least 3% of fiscal year spending as defined in the amendment. These emergency reserves cannot be used to compensate for economic conditions, revenue shortfalls or salary and benefit increases. As of December 31, 2022, the amount required as an emergency reserve in compliance with the amendment is \$27,554 and is shown as a restriction in the equity of the General Fund and Government Activities.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 - CAPITAL ASSETS(CONTINUED)

	December 31, 2021 (Restated)	Increases	Decreases	December 31, 2022
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 788,548	\$ -	\$ -	\$ 788,548
Construction in progress	88,246	-	(88,246)	-
Total capital assets, not being depreciated	<u>876,794</u>	<u>-</u>	<u>(88,246)</u>	<u>788,548</u>
Capital assets, being depreciated:				
Buildings	122,103	134,719	-	256,822
Recreational facilities	165,997	-	-	165,997
Machinery and equipment	556,393	-	-	556,393
Infrastructure	266,403	10,000	-	276,403
Total capital assets, being depreciated	<u>1,110,896</u>	<u>144,719</u>	<u>-</u>	<u>1,255,615</u>
Less accumulated depreciation for:				
Buildings	(73,863)	(7,196)	-	(81,059)
Recreational facilities	(101,990)	(5,319)	-	(107,309)
Equipment	(397,977)	(31,211)	-	(429,188)
Infrastructure	(190,049)	(5,495)	-	(195,544)
Total accumulated depreciation	<u>(763,879)</u>	<u>(49,221)</u>	<u>-</u>	<u>(813,100)</u>
Total capital assets, being depreciated, net	<u>347,017</u>	<u>95,498</u>	<u>-</u>	<u>442,515</u>
Capital assets, net	<u>1,223,811</u>	<u>95,498</u>	<u>(88,246)</u>	<u>1,231,063</u>
Right to use assets				
Right to use assets, being amortized:				
Equipment	127,738	-	-	127,738
Less accumulated amortization for:				
Equipment	-	(16,662)	-	(16,662)
Right to use assets, net	<u>127,738</u>	<u>(16,662)</u>	<u>-</u>	<u>111,076</u>
Total capital/right to use assets	<u>\$ 1,351,549</u>	<u>\$ 78,836</u>	<u>\$ (88,246)</u>	<u>\$ 1,342,139</u>

Depreciation and amortization expense was charged to functions/programs as follows:

General government	\$ 38,407
Public works	22,157
Culture and recreation	<u>5,319</u>
Total depreciation/amortization expense	<u>\$ 65,883</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2021 (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance at December 31, 2022
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 777,341	\$ -	\$ -	\$ 777,341
Water rights	96,110	-	-	96,110
Reservoir	247,100	-	-	247,100
Construction in progress	176,492	5,375	(176,492)	5,375
Total capital assets, not being depreciated	<u>1,297,043</u>	<u>5,375</u>	<u>(176,492)</u>	<u>1,125,926</u>
Capital assets, being depreciated:				
Buildings	75,562	269,437	-	344,999
Plant and transmission lines	7,325,762	120,493	-	7,446,255
Machinery and equipment	527,853	-	-	527,853
Total capital assets, being depreciated	<u>7,929,177</u>	<u>389,930</u>	<u>-</u>	<u>8,319,107</u>
Less accumulated depreciation for:				
Buildings	(62,104)	(6,524)	-	(68,628)
Plant and transmission lines	(3,252,452)	(159,580)	-	(3,412,032)
Machinery and equipment	(383,911)	(28,344)	-	(412,255)
Total accumulated depreciation	<u>(3,698,467)</u>	<u>(194,448)</u>	<u>-</u>	<u>(3,892,915)</u>
Total capital assets, being depreciated, net	<u>4,230,710</u>	<u>195,482</u>	<u>-</u>	<u>4,426,192</u>
Capital assets, net	<u>5,527,753</u>	<u>200,857</u>	<u>(176,492)</u>	<u>5,552,118</u>
Right to use assets				
Right to use assets, being amortized:				
Equipment	127,737	-	-	127,737
Less accumulated amortization for:				
Equipment	-	(16,661)	-	(16,661)
Right to use assets, net	<u>127,737</u>	<u>(16,661)</u>	<u>-</u>	<u>111,076</u>
Total capital/right to use assets	<u>\$ 5,655,490</u>	<u>\$ 184,196</u>	<u>\$ (176,492)</u>	<u>\$ 5,663,194</u>

Depreciation and amortization expense was charged to functions/programs as follows:

Business-type Activities	
Water	\$ 126,713
Sewer	84,396
Total depreciation/amortization expense	<u>\$ 211,109</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The recreation center requires repairs before it can be used. This asset is currently idle. The book value of the building is \$15,600. The District is process of determining whether to repair this building.

NOTE 6 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022. As more fully described in Note 1, the beginning balance has been restated for the lease obligations under GASB Statement 87 *Leases*. The activity of the District's long-term obligations is as follows:

	December 31, 2021 (Restated)	Additions	Reductions	December 31, 2022	Amounts due in one year
Governmental Activities:					
Debt from direct borrowings and					
Direct placements					
Notes payable-construction loan	\$ 57,788	\$ 57,879	\$ 115,667	\$ -	\$ -
Notes payable-admin building	-	115,667	1,937	113,730	3,004
Lease liabilities	127,738	-	14,902	112,836	18,063
Compensated absences	12,585	10,381	13,196	9,770	1,954
	<u>\$ 198,111</u>	<u>\$ 183,927</u>	<u>\$ 145,702</u>	<u>\$ 236,336</u>	<u>\$ 23,021</u>
	December 31, 2021 (Restated)	Additions	Reductions	December 31, 2022	Amounts due in one year
Business-type Activities					
Debt from direct borrowings and					
Direct placements					
Notes payable-construction loan	\$ 115,577	\$ 115,756	\$ 231,333	\$ -	\$ -
Notes payable-admin building	-	231,333	3,874	227,459	6,007
Lease liabilities	127,738	-	14,902	112,836	18,063
Compensated absences	20,449	16,237	21,406	15,280	7,640
	<u>\$ 263,764</u>	<u>\$ 363,326</u>	<u>\$ 271,515</u>	<u>\$ 355,575</u>	<u>\$ 31,710</u>

Loans Payable

In April, 2021 the District entered into a construction loan for an administration building totaling \$347,000. The building was completed in 2022 and in April, 2022 the District entered into permanent financing for the building. Monthly payments of \$1,745 include principal and interest at an annual rate of 3.49% continuing until April 28, 2047. Loan payments are made equally by the General, Water and Wastewater funds. The loan includes certain covenants. The District is not in compliance with the requirement to provide audited financial statements to the lender by April 30th of each year. If the District defaults on the loan, the lender may require that all indebtedness is immediately due and payable. The annual requirements to amortize this loan as of December 31, 2022 is as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Year Ending December 31,	Totals		Governmental		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 9,011	\$ 11,927	\$ 3,004	\$ 3,976	\$ 6,008	\$ 7,952
2024	9,302	11,636	3,101	3,879	6,202	7,758
2025	9,670	11,269	3,223	3,756	6,446	7,512
2026	10,017	10,921	3,339	3,640	6,678	7,280
2027	10,378	10,561	3,459	3,520	6,918	7,040
2028-2032	57,705	46,986	19,235	15,662	38,470	31,324
2033-2037	68,894	35,799	22,965	11,933	45,930	23,866
2038-2042	82,211	22,481	27,404	7,494	54,807	14,989
2043-2047	84,001	6,730	28,000	2,243	56,000	4,486
Totals	\$ 341,189	\$ 168,310	\$ 113,730	\$ 56,103	\$ 227,459	\$ 112,207

Lease Liability

The District is the lessee for a certain lease of equipment. The District recognizes a lease liability and an intangible right-to-use-lease asset in the government-wide statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term including any purchase option price that the District is reasonably certain to exercise. Subsequently the lease liability is reduced by the principal portion of the lease payments made.

The right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the assets estimated useful life.

On July 26, the District entered into a lease for a motor grader. Quarterly payments of \$9,653 with interest at 3.69% are due through July 26, 2023 with a final payment of \$210,999. In August, 2023 the District entered into a second lease for this equipment. Under this lease quarterly payments of \$12,796.51, which includes an annual interest rate of 6.49%, are due through May 29, 2028 at which time the District can purchase the motor grader for 92 cents.

This payments for this lease are made as follows:

General Fund	50%
Water Fund	35%
Wastewater Fund	15%

With the implementation of GASB Statement 87 *Leases*, the District recorded a right to use asset and a lease liability of \$255,476. Lease-related amortization expense of \$33,323 was recorded for the year-ended December 31, 2022. The District will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position. For this lease the interest rate was known. The lease term includes the noncancellable period of the lease.

The annual requirements to amortize these leases as of December 31, 2022 is as follows:

Total		Governmental Activities		Business-type Activities	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 26,126	\$ 19,419	\$ 13,063	\$ 9,710	\$ 13,063	\$ 9,709
39,506	11,680	19,753	5,840	19,753	5,840
42,122	9,064	21,061	4,532	21,061	4,532
44,912	6,274	22,456	3,137	22,456	3,137
47,886	3,300	23,943	1,650	23,943	1,650
25,120	473	12,560	237	12,560	236
<u>\$ 225,672</u>	<u>\$ 50,210</u>	<u>\$ 112,836</u>	<u>\$ 25,106</u>	<u>\$ 112,836</u>	<u>\$ 25,104</u>

Compensated Absences

According to the District's Compensated Absences Policy, the District limits the amount of unused vacation to a maximum of 80 hours and compensatory time to 60 hours. The District allocates all payroll costs as follows. These percentages are used to allocate and pay compensated absence amounts:

General Fund	39%
Water Fund	34%
Wastewater Fund	27%

NOTE 7 - NET POSITION

As also described in Note 2, net position in the Government-wide Statement of 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 or laws or regulators of other governments.

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 balances of capital leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had a net investment in capital assets for the governmental activities of \$1,115,573 and the business type activities of \$5,322,898.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO

Plan Description

Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund - a cost-sharing multiple- employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of the highest average salary and also cannot exceed the maximum benefit allowed by the Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00%. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lessor of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified C.R.S. § 24-51-413.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive benefits.

Contributions

Contributions provisions as of December 31, 2022: Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employer contribution rates for the period of January 1, 2022 through December 31, 2022 are summarized in the table below:

	<u>December 31, 2022</u>
Employer Contribution Rate as a Percentage of Salary	
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	10.50%
Total Apportioned to the LGDTF	-1.02%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	9.48%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	2.20%
Defined Contribution Supplement as specified in C.R. S. § 24-51-415	1.50%
Total Employer Contribution Rate to the LGDTF	0.02% 13.20%

Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$77,722 for the year ended December 31, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the District reported an asset of \$68,656 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)

Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The Subdistrict proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the District's proportion was .080080%, which was an increase of .001632% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized pension income of \$197,049. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 3,355	\$ -
Changes in Assumptions	23,274	-
Difference Between Expected and Actual Experience	-	1,147
Difference Between Projected and Actual Investment Earnings	-	593,908
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	-	21,263
Contributions Subsequent to the Measurement Date	77,722	-
Totals	\$ 104,351	\$ 616,318

Deferred outflows of resources related to pensions of \$77,722, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	For the Plan Year Ended December 31,	
	2023	\$ (137,274)
	2024	(234,769)
	2025	(145,576)
	2026	(72,070)
Total		\$ (589,689)

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20%-11.30%
Long-Term Investment Rate of Return, Net of Pension	
Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Future Postretirement Benefit Increases:	
PERA Benefit Structure Hired Prior to 1/1/07 (Automatic)	1.00% Compounded Annually
PERA Benefit Structure Hired After 12/31/06 {Ad Hoc, Substantively Automatic}	Financed by the Annual Increase Reserve

- (1) Postretirement benefit increases are provided by the A/R, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Postretirement nondisabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2020, valuation was based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and was reviewed and adopted by PERA's Board at their November 20, 2020, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Expected Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Discount Rate (Continued)

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate and, therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date

Sensitivity of the District Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 470,762	\$ (68,656)	\$ (519,859)

Pension Plan Fiduciary Net Position

Detailed information about the LGDTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA).

The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Description (Continued)

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S§ 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit.

Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

PERA Benefit Structure (Continued)

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$5,896 for the year ended December 31, 2022.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2022, the District reported a liability of \$53,672 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was .0866224%, which was an increase of .000240% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized OPEB income of \$3,392. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 82	\$ -
Changes in Assumptions	1,111	-
Difference Between Expected and Actual Experience	-	12,726
Changes in Assumptions	-	2,911
Difference Between Projected and Actual Investment Earnings		
Investment Earnings	-	3,322
Changes in Proportion and Differences Between Contributions	7,820	-
Contributions Subsequent to the Measurement Date	5,896	-
Totals	<u>\$ 14,909</u>	<u>\$ 18,959</u>

Deferred outflows of resources related to OPEB of \$5,896, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Plan Year Ended December 31,</u>	
2023	\$ (3,499)
2024	(3,943)
2025	391
2026	(2,353)
2027	(476)
Thereafter	(66)
Total	<u>\$ (9,946)</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20%-11.30%
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates	
Service based Premium Subsidy	0.00%
PERACare Medicare Plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.75% for 2021 gradually increasing to 4.50%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	<u>Initial Costs for Members without Medicare Part A</u>		
	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Prescription	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month. All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Postretirement nondisabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation was based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and was reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Expected Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Subdistrict Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Rend Rates</u>	<u>1% Increase In Trend Rates</u>
Initial PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rae	2.75%	3.75%	4.75%
Ultimate PERACare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 52,129	\$ 53,672	\$ 55,456

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

Sensitivity of the District Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

	1% Decrease (6.25%)	Current Discount rate (7.25%)	1% Increase (8.25%)
Propoitionate Share of the Net Pension Liability	\$ 62,333	\$ 53,672	\$ 46,272

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 - DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). This plan is also administered by PERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years in accordance with Internal Revenue Service guidelines. The District does not provide a matching contribution for these amounts.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

At December 31, 2022, the District had construction commitments related to its generator program totaling \$56,037.

Sustainability

In the next several years the District will be required to upgrade its water and wastewater systems. Management estimates these upgrades will cost as much as \$2.5 million. The ability to complete these upgrades is contingent on the District obtaining adequate resources in the form of loans and/or grants.

NOTE 12 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES

Interfund transfers for the year ended December 31, 2022 are as follows:

	Transfers In	
Transfers Out	Wastewater Fund	Total
General Fund	\$ 440,000	\$ 440,000
	\$ 440,000	\$ 440,000

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES (CONTINUED)

The transfer from the General Fund to the Wastewater Fund is to pay the amounts of interfund loans.

Interfund receivables/payables are as follows as of December 31, 2022:

	Interfund Receivables	Interfund Payables
General	\$ -	\$ 126,654
Fiduciary Bond Fund	126,654	-
	\$ 126,654	\$ 126,654

During the course of operations, transactions occur between District funds for goods and services provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as due from other funds and due to other funds on the balance sheet and will be settled within one year.

NOTE 13 - 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 District Property and Liability Pool (Pool) property and liability insurance. The District is also a member of Colorado Special District workers compensation pool.

The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage.

NOTE 14 - RESTATEMENT

The District determined that certain revenues in the Water and Wastewater Fund should have been deferred at December 31, 2021. These revenues related to tap fees for which service was provided until 2022. The amount of the restatement in Water Fund was \$32,750 and the restatement in the Wastewater Fund is \$30,750.

The District also determined that percentages used for pension/OPEB deferred inflows and outflows and the liability or asset were different between the different funds. As a result, the net position of the governmental activities decreased \$35,236 while the Water and Wastewater Fund's net position increased \$30,467 and \$4,859 respectively.

In prior years, the District did not implement GASB Statement 84 *Fiduciary Activities*. That Statement was adopted during the fiscal year ended December 31, 2022. As a result, net position in the Fiduciary Funds increased \$126,654.

REQUIRED SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
GENERAL FUND
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes			
Property	\$ 348,068	\$ 346,245	\$ (1,823)
Specific ownership	70,000	78,741	8,741
Penalties and interest	500	645	145
Intergovernmental			
Highway Users Tax	55,707	66,043	10,336
State lottery proceeds	8,300	13,259	4,959
Grants	20,000	-	(20,000)
Contribution of capital assets	-	10,000	10,000
Charges for service			
Roads	191,484	190,609	(875)
Trash	163,017	165,134	2,117
Mail box	35,520	24,046	(11,474)
Late Fees	5,000	9,017	4,017
Fees			
Road impact	2,200	6,332	4,132
Land transfer	3,000	4,849	1,849
Permit	-	440	440
Investment income	600	6,172	5,572
Sales of assets	15,000	-	(15,000)
Miscellaneous	10,000	20,203	10,203
Proceeds from debt issuance	-	173,546	173,546
Total revenues	<u>928,396</u>	<u>1,115,281</u>	<u>186,885</u>
EXPENDITURES			
Current			
Public works			
Roads	447,816	425,608	22,208
Recreation	40,905	42,944	(2,039)
General and administrative	355,345	452,798	(97,453)
Debt service			
Principal	6,667	132,506	(125,839)
Interest	3,000	7,967	(4,967)
Capital outlay	70,000	56,473	13,527
Other	4,663	-	4,663
Transfers out	-	440,000	(440,000)
Total expenditures	<u>928,396</u>	<u>1,558,296</u>	<u>(629,900)</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>\$ -</u>	<u>(443,015)</u>	<u>\$ (443,015)</u>
NET CHANGE IN FUND BALANCES-GAAP BASIS		(443,015)	
FUND BALANCE - BEGINNING OF YEAR		<u>925,164</u>	
FUND BALANCE - END OF YEAR		<u>482,149</u>	

See accompanying notes to required supplementary information.

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
December 31, 2022

Reporting fiscal year Measurement date	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Proportion of the net pension liability (asset)	0.080080%	0.078448%	0.077782%	0.070885%	0.071847%	0.083632%	0.082377%	0.078532%	0.081479%
Proportionate share of the net pension liability (asset)	\$ (68,857)	\$ 408,814	\$ 568,887	\$ 891,179	\$ 803,397	\$ 1,130,754	\$ 907,444	\$ 703,892	\$ 670,512
Covered payroll	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738	\$ 467,834	\$ 430,322	\$ 434,700
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-11.51%	74.03%	106.21%	191.68%	177.26%	233.27%	193.97%	163.57%	154.25%
Plan fiduciary net position as a percentage of the total pension liability	101.50%	90.88%	86.26%	75.96%	79.37%	76.65%	76.87%	80.72%	81.00%

Note: The District implemented GASB 68 in 2015. Ten years of trend information will be reported when available.

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
 December 31, 2022

Reporting fiscal year	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 77,722	\$ 78,865	\$ 71,609	\$ 67,919	\$ 58,953	\$ 57,471	\$ 61,465	\$ 59,321	\$ 54,565	\$ 55,120
Contributions in relation to the contractually required contribution	\$ (77,722)	\$ (78,865)	\$ (71,609)	\$ (67,919)	\$ (58,953)	\$ (57,471)	\$ (61,465)	\$ (59,321)	\$ (54,565)	\$ (55,120)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738	\$ 467,834	\$ 430,322	\$ 434,700
Contributions as a percentage of covered payroll	13.20%	13.18%	12.97%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

Note: The District implemented GASB 68 in 2015. Ten years of trend information will be reported when available.

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
December 31, 2022

Reporting fiscal year Measurement date	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB liability	0.006224%	0.000000%	0.005957%	0.005497%	0.005583%	0.006420%
Proportionate share of the net OPEB liability (asset)	\$ 53,672	\$ -	\$ 66,958	\$ 74,791	\$ 72,555	\$ 83,236
Covered payroll	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.97%	0.00%	12.50%	16.09%	16.01%	17.17%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Note: The District implemented GASB 75 in 2016. Ten year trend information will be reported when it is available.

**FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
December 31, 2022**

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,896	\$ 6,103	\$ 5,644	\$ 5,464	\$ 4,742	\$ 4,623	\$ 4,944
Contributions in relation to the contractually required contribution	\$ (5,896)	\$ (6,103)	\$ (5,644)	\$ (5,464)	\$ (4,742)	\$ (4,623)	\$ (4,944)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738
Contributions as a percentage of covered payroll	1.00%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Note: The District implemented GASB 75 in 2016. Ten year trend information will be reported when it is available.

SUPPLEMENTARY INFORMATION

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
WATER ENTERPRISE FUND
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services			
Water connection fees	\$ 31,000	\$ 12,000	\$ (19,000)
Water sales	362,717	486,763	124,046
Water sales, out of district	14,515	17,313	2,798
Availability fees	51,552	39,037	(12,515)
Fees			
Late fees	3,000	1,972	(1,028)
Land transfer fees	2,400	1,884	(516)
Water impact fees	14,000	6,332	(7,668)
Taxes			
Property	154,356	153,774	(582)
Penalties and interest	200	290	90
Tap fees	212,500	63,650	(148,850)
Net investment income	5,000	6,092	1,092
Other income	8,330	1,652	(6,678)
Transfers in	50,000	-	(50,000)
Pension/OPEB revenue	-	68,151	68,151
Proceeds from debt issuance	-	173,545	173,545
Total revenues	909,570	1,032,455	122,885
EXPENDITURES			
Water source	89,252	141,034	(51,782)
Water treatment	16,040	12,778	3,262
Water transportation and distribution	196,317	161,856	34,461
Administration	411,131	258,074	153,057
Debt service			
Principal	-	128,034	(128,034)
Interest	-	6,647	(6,647)
Capital outlay	175,000	99,962	75,038
Contingency	8,995	-	8,995
Other	12,835	-	12,835
Total expenditures	909,570	808,385	101,185
NET CHANGE IN FUND BALANCE-NON GAAP	\$ -	224,070	\$ 224,070
PERSPECTIVE DIFFERENCES			
Proceeds from debt issuance		(173,545)	
Principal payments		128,034	
Capital outlay		99,962	
Depreciation expense		(126,713)	
TOTAL PERSPECTIVE DIFFERENCES		(72,262)	
NET CHANGE IN FUND BALANCE-GAAP BASIS		151,808	-
NET POSITION- BEGINNING OF YEAR, AS ORIGINALLY REPORTED		3,755,765	
RESTATEMENTS			
For pension/OPEB liability		30,467	
For deferred tap fees		(32,750)	
FUND BALANCE - END OF YEAR		\$ 3,905,290	

**FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
WASTEWATER ENTERPRISE FUND
Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services			
Wastewater connection fees	\$ 10,000	\$ 4,350	\$ (5,650)
Wastewater treatment sales	209,337	210,554	1,217
Wastewater out of District	16,140	12,362	(3,778)
Availability fees	29,640	22,601	(7,039)
Fees			
Late fees	10,000	1,057	(8,943)
Land transfer fees	2,500	1,884	(616)
Wastewater impact fees	5,000	3,548	(1,452)
Taxes			
Property	201,560	203,283	1,723
Penalties and interest	300	382	82
Tap fees	170,000	60,800	(109,200)
Net investment income	5,000	6,021	1,021
Other Income	8,330	23,324	14,994
Sale of assets	-	100	100
Transfers in	-	440,000	440,000
Proceeds from debt issuance	-	173,545	173,545
Pension/OPEB revenue	-	54,118	54,118
Total revenues	<u>667,807</u>	<u>1,217,929</u>	<u>550,122</u>
EXPENDITURES			
Wastewater transmission and collection	128,378	126,841	1,537
Wastewater treatment	230,878	109,006	121,872
Administration	216,379	148,459	67,920
Debt service			
Principal	50,000	122,074	(72,074)
Interest	-	4,885	(4,885)
Capital outlay	23,000	118,850	(95,850)
Engineering	8,000	-	8,000
Other	11,172	-	11,172
Total expenditures	<u>667,807</u>	<u>630,115</u>	<u>37,692</u>
NET CHANGE IN FUND BALANCE-NON GAAP	<u>\$ -</u>	<u>587,814</u>	<u>\$ 587,814</u>
PERSPECTIVE DIFFERENCES			
Proceeds from loans		(173,545)	
Principal payments		122,074	
Capital outlay		118,850	
Depreciation expense		(84,396)	
TOTAL PERSPECTIVE DIFFERENCES		<u>(17,017)</u>	
NET CHANGE IN FUND BALANCE-GAAP BASIS		570,797	
NET POSITION- BEGINNING OF YEAR, AS ORIGINALLY REPORTED		1,375,102	
RESTATEMENTS			
For pension/OPEB liability		4,859	
For deferred tap fees		(30,750)	
FUND BALANCE - END OF YEAR		<u>\$ 1,920,008</u>	