

**FOREST LAKES METROPOLITAN DISTRICT**  
**FINANCIAL STATEMENTS**  
**December 31, 2023**

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## 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 Lake Metropolitan District, Bayfield, Colorado (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2023, 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 Matters***

#### **Restatement of Equity**

As described in Note 13 of these financial statements, in preparing for the audit the Town discovered the following issues which required a restatement of beginning equity:

- In previous years, the District's capital assets did not contain all of the additions and deletions.

Our opinions are not modified with respect to this matter.

### **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 the management's discussion and analysis and budgetary comparison information 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.



## 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 Lake Metropolitan District, Bayfield, Colorado (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2023, 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.

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- In previous years, the District's capital assets did not contain all of the additions and deletions.

Our opinions are not modified with respect to this matter.

### **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 the management's discussion and analysis and budgetary comparison information 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 District’s basic financial statements. The combining and individual nonmajor fund financial statements 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, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rae & Co., CPAs, LLC*

Rae & Co., CPAs, LLC

Timnath, Colorado

July 24, 2024

## **BASIC FINANCIAL STATEMENTS**

**FOREST LAKES METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 399,067	\$ 808,170	\$ 1,207,237
Cash with County Treasurer	24,342	5,765	30,107
Receivables			
Accounts (net of allowance)	35,827	86,714	122,541
Property taxes	682,776	102,121	784,897
Prepaid expenses	16,143	32,286	48,429
Inventory of supplies	90,472	34,845	125,317
Internal balances	(126,882)	228	(126,654)
Capital assets, not being depreciated			
Land, water rights and construction in progress	564,184	898,437	1,462,621
Capital assets, net of accumulated depreciation			
Buildings, equipment and infrastructure	486,109	4,404,187	4,890,296
Right to use assets, net of accumulated amortization			
Equipment	194,734	-	194,734
Total assets	<u>2,366,772</u>	<u>6,372,753</u>	<u>8,739,525</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	136,930	214,173	351,103
Deferred outflows related to OPEB	3,670	5,739	9,409
Total deferred outflows of resources	<u>140,600</u>	<u>219,912</u>	<u>360,512</u>
<b>LIABILITIES</b>			
Accounts payable	10,686	1,634	12,320
Accrued liabilities	7,636	9,779	17,415
Unearned revenue	196	-	196
Net pension liability	275,751	431,302	707,053
Net OPEB liability	18,138	28,372	46,510
Noncurrent liabilities			
Due within one year	50,034	15,209	65,243
Due in more than one year	275,092	224,259	499,351
Total liabilities	<u>637,533</u>	<u>710,555</u>	<u>1,348,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	682,776	102,121	784,897
Deferred inflows related to pensions	1,375	2,150	3,525
Deferred inflows related to OPEB	6,388	9,992	16,380
Total deferred inflows of resources	<u>690,539</u>	<u>114,263</u>	<u>804,802</u>
<b>NET POSITION</b>			
Net investment in capital assets	934,755	5,081,172	6,015,927
Restricted			
Emergency reserves	31,204	-	31,204
Conservation trust	20,571	-	20,571
Unrestricted	192,770	686,675	879,445
Total net position	<u>\$ 1,179,300</u>	<u>\$ 5,767,847</u>	<u>\$ 6,947,147</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, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 475,452	\$ 235,945	\$ -	\$ -	\$ (239,507)	\$ -	\$ (239,507)
Public works	538,409	286,925	-	-	(251,484)	-	(251,484)
Culture and recreation	82,055	-	11,903	-	(70,152)	-	(70,152)
Interest on long-term debt	13,100	-	-	-	(13,100)	-	(13,100)
Total governmental activities	<u>1,109,016</u>	<u>522,870</u>	<u>11,903</u>	<u>-</u>	<u>(574,243)</u>	<u>-</u>	<u>(574,243)</u>
<b>Business-type activities</b>							
Water	665,020	552,019	-	66,981	-	(46,020)	(46,020)
Sewer	483,216	275,680	-	24,474	-	(183,062)	(183,062)
Total business-type activities	<u>1,148,236</u>	<u>827,699</u>	<u>-</u>	<u>91,455</u>	<u>-</u>	<u>(229,082)</u>	<u>(229,082)</u>
Total primary government	<u>\$ 2,257,252</u>	<u>\$ 1,350,569</u>	<u>\$ 11,903</u>	<u>\$ 91,455</u>	<u>(574,243)</u>	<u>(229,082)</u>	<u>(803,325)</u>
<b>General revenues:</b>							
Taxes							
Property					346,377	360,515	706,892
Specific ownership					72,686	-	72,686
Highway users					66,467	-	66,467
Investment earnings					23,719	37,979	61,698
Pension/OPEB revenue					34,350	53,727	88,077
Other					8,008	318	8,326
Transfers					(1,760)	1,760	-
Total general revenues and transfers					<u>549,847</u>	<u>454,299</u>	<u>1,004,146</u>
Change in net position					(24,396)	225,217	200,821
<b>NET POSITION AS ORIGINALLY REPORTED</b>					1,392,550	5,825,298	7,217,848
<b>RESTATEMENT</b>							
<b>For capital assets</b>					(188,854)	(282,668)	(471,522)
<b>NET POSITION ENDING</b>					<u>\$ 1,179,300</u>	<u>\$ 5,767,847</u>	<u>\$ 6,947,147</u>

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, 2023**

	<b>General</b>
<b>ASSETS</b>	
Cash and investments	\$ 399,067
Cash with County Treasurer	24,342
Receivables	
Accounts (net of allowance)	35,827
Property taxes	682,776
Prepaid expenses	16,143
Inventory of supplies	90,472
Total assets	\$ 1,248,627
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 10,686
Accrued expenses	7,636
Unearned revenue	196
Due to other funds	126,882
Total liabilities	145,400
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	682,776
 <b>FUND BALANCES</b>	
Nonspendable	
Prepaid expenses	16,143
Inventory	90,472
Restricted	
Emergency reserves	31,204
Conservation trust	20,571
Unassigned	278,204
Total fund balances	420,451
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,248,627</b>

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, 2023**

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

Total fund balance - Total governmental funds	\$ 420,451
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,245,027
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.	(140,196)
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.	(20,856)
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>(325,126)</u>
Net position of governmental activities	<u><u>\$ 1,179,300</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, 2023**

	<b>General</b>
<b>REVENUES</b>	
Taxes	
Property	\$ 346,377
Specific ownership	72,686
Fees	10,709
Intergovernmental	78,370
Charges for services	512,161
Net investment income	23,719
Other	8,008
Total revenues	1,052,030
 <b>EXPENDITURES</b>	
Current	
General government	454,379
Public works	507,956
Culture and recreation	39,004
Debt service	
Principal	249,777
Interest	13,100
Capital outlay	70,159
Total expenditures	1,334,375
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(282,345)
 <b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds and issuance of debt	220,647
Total other financing sources (uses)	220,647
 <b>NET CHANGE IN FUND BALANCES</b>	(61,698)
 <b>FUND BALANCES - BEGINNING OF YEAR</b>	482,149
 <b>FUND BALANCES - END OF YEAR</b>	\$ 420,451

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, 2023**

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

Net change in fund balances - Total governmental funds		\$ (61,698)
<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 exceeded depreciation and amortization</p>		
Capital outlay	70,159	
Depreciation and amortization	<u>(89,493)</u>	(19,334)
Capital asset transfers to the governmental activities from the business-type activities are not recorded at the fund level.		(1,760)
<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	(220,647)	
Principal payments made	<u>249,777</u>	29,130
<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	(5,084)	
Pension revenues	32,696	
OPEB revenue	<u>1,654</u>	29,266
Change in net position of governmental activities		<u>\$ (24,396)</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, 2023**

	Water Fund	Wastewater Fund	Totals
<b>Current assets</b>			
Cash and investments	\$ 646,525	\$ 161,645	\$ 808,170
Cash with County Treasurer	2,487	3,278	5,765
Receivables			
Accounts (net of allowance)	59,416	27,298	86,714
Property taxes	68,142	33,979	102,121
Due from other funds	-	228	228
Prepaid expenses	16,143	16,143	32,286
Inventory of supplies	24,852	9,993	34,845
Total current assets	<u>817,565</u>	<u>252,564</u>	<u>1,070,129</u>
<b>Noncurrent assets</b>			
<b>Capital assets, not being depreciated</b>			
Land, water rights and construction in progress	714,437	184,000	898,437
<b>Capital assets, net of accumulated depreciation</b>			
Buildings, equipment and infrastructure	<u>2,612,642</u>	<u>1,791,545</u>	<u>4,404,187</u>
Total noncurrent assets	<u>3,327,079</u>	<u>1,975,545</u>	<u>5,302,624</u>
Total assets	<u>4,144,644</u>	<u>2,228,109</u>	<u>6,372,753</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	119,375	94,798	214,173
Deferred outflows related to OPEB	<u>3,199</u>	<u>2,540</u>	<u>5,739</u>
Total deferred outflows of resources	<u>122,574</u>	<u>97,338</u>	<u>219,912</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	791	843	1,634
Accrued liabilities	6,050	3,729	9,779
Loans payable-current	3,101	3,101	6,202
Compensated absences-current	<u>5,815</u>	<u>3,192</u>	<u>9,007</u>
Total current liabilities	<u>15,757</u>	<u>10,865</u>	<u>26,622</u>
<b>Noncurrent liabilities:</b>			
Loans payable	107,625	107,625	215,250
Compensated absences	5,816	3,193	9,009
Net pension liability	240,398	190,904	431,302
Net OPEB liability	<u>15,814</u>	<u>12,558</u>	<u>28,372</u>
Total noncurrent liabilities	<u>369,653</u>	<u>314,280</u>	<u>683,933</u>
Total liabilities	<u>385,410</u>	<u>325,145</u>	<u>710,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	68,142	33,979	102,121
Deferred inflows related to pensions	1,198	952	2,150
Deferred inflows related to OPEB	<u>5,569</u>	<u>4,423</u>	<u>9,992</u>
Total deferred outflows of resources	<u>74,909</u>	<u>39,354</u>	<u>114,263</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,216,353	1,864,819	5,081,172
Unrestricted	<u>590,546</u>	<u>96,129</u>	<u>686,675</u>
Total net position	<u>\$ 3,806,899</u>	<u>\$ 1,960,948</u>	<u>\$ 5,767,847</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, 2023**

	Water Fund	Wastewater Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 551,747	\$ 275,658	\$ 827,405
Fees	272	22	294
Total operating revenues	<u>552,019</u>	<u>275,680</u>	<u>827,699</u>
<b>OPERATING EXPENSES</b>			
Source of supply	89,247	-	89,247
Treatment	19,194	89,068	108,262
Transmission	203,968	112,401	316,369
Administration	238,390	192,214	430,604
Debt service			
Interest	3,976	3,976	7,952
Depreciation	110,245	85,557	195,802
Total operating expenses	<u>665,020</u>	<u>483,216</u>	<u>1,148,236</u>
Operating loss	<u>(113,001)</u>	<u>(207,536)</u>	<u>(320,537)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>			
Property taxes	155,517	204,998	360,515
Pension/OPEB income	29,946	23,781	53,727
Investment income	19,021	18,958	37,979
Other	255	63	318
Total non-operating revenues (expenses)	<u>204,739</u>	<u>247,800</u>	<u>452,539</u>
Income (loss) before capital contributions and transfers	<u>91,738</u>	<u>40,264</u>	<u>132,002</u>
<b>Contributed capital</b>			
Tap fees	57,725	23,300	81,025
Impact fees	9,256	1,174	10,430
Total contributed capital	<u>66,981</u>	<u>24,474</u>	<u>91,455</u>
Transfers in	<u>1,232</u>	<u>528</u>	<u>1,760</u>
<b>CHANGE IN NET POSITION</b>	159,951	65,266	225,217
<b>NET POSITION AS ORIGINALLY REPORTED</b>	3,905,290	1,920,008	5,825,298
<b>RESTATEMENT</b>			
For capital assets	(258,342)	(24,326)	(282,668)
<b>NET POSITION -ENDING</b>	<u>\$ 3,806,899</u>	<u>\$ 1,960,948</u>	<u>\$ 5,767,847</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, 2023**

	Water Fund	Wastewater Fund	Totals
Cash flows from operating activities			
Receipts from customers and users	\$ 535,576	\$ 271,435	\$ 807,011
Payments to suppliers	(384,232)	(297,290)	(681,522)
Payments to employees	(167,254)	(113,664)	(280,918)
Other receipts	255	63	318
Net cash used for operating activities	<u>(15,655)</u>	<u>(139,456)</u>	<u>(155,111)</u>
Cash flows from noncapital financing activities			
Property and specific ownership taxes	153,030	201,720	354,750
Interfund borrowings and payments	-	-	-
Transfers from other funds	1,232	528	1,760
Net cash provided by noncapital financing activities	<u>154,262</u>	<u>202,248</u>	<u>356,510</u>
Cash flows from capital and related financing activities			
Capital contributions	66,981	24,474	91,455
Principal paid on debt	(3,004)	(3,004)	(6,008)
Interest paid on debt	(3,976)	(3,976)	(7,952)
Acquisition of capital assets	(114,252)	(114,252)	(228,504)
Net cash used for capital and related financing activities	<u>(54,251)</u>	<u>(96,758)</u>	<u>(151,009)</u>
Cash flows from investing activities			
Investment income	19,021	18,958	37,979
Net cash provided by investing activities	<u>19,021</u>	<u>18,958</u>	<u>37,979</u>
Net change in cash and equivalents	103,377	(15,008)	88,369
Cash and equivalents, beginning of year	543,148	176,653	719,801
Cash and equivalents, end of year	<u>\$ 646,525</u>	<u>\$ 161,645</u>	<u>\$ 808,170</u>
Reconciliation of operating loss to net cash from operating activities			
Operating income (loss)	<u>\$ (113,001)</u>	<u>\$ (207,536)</u>	<u>\$ (320,537)</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	110,245	85,557	195,802
Other income	255	63	318
Interest paid	3,976	3,976	7,952
Changes in operating assets and liabilities			
(Increase) decrease in receivables	(14,976)	(3,251)	(18,227)
(Increase) decrease in prepaid expenses	(3,093)	(3,093)	(6,186)
(Increase) decrease in inventory	8,482	(6,287)	2,195
(Increase) decrease in due to due from other funds	-	(228)	(228)
(Decrease) increase in accounts payable	(7,602)	(5,169)	(12,771)
(Decrease) increase in accrued liabilities	59	(3,488)	(3,429)
Total adjustments	<u>97,346</u>	<u>68,080</u>	<u>165,426</u>
Net cash used by operating activities	<u>\$ (15,655)</u>	<u>\$ (139,456)</u>	<u>\$ (155,111)</u>
Noncash investing, capital, and financing activities			
Transactions related to the pension liability	\$ (28,504)	\$ (151,540)	\$ (180,044)
Transactions related to the OPEB liability activities	<u>(1,442)</u>	<u>(1,145)</u>	<u>(2,587)</u>
	<u>\$ (29,946)</u>	<u>\$ (152,685)</u>	<u>\$ (182,631)</u>

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

**FOREST LAKES METROPOLITAN DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2023**

	<b>Custodial Funds</b>
	<b>Bond Escrow Fund</b>
<b>ASSETS</b>	
Due from other funds	\$ 126,654
Total assets	126,654
<b>LIABILITIES</b>	
<b>NET POSITION</b>	
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.

**FOREST LAKES METROPOLITAN DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2023**

**Custodial Funds**

**Bond Escrow  
Fund**

<b>ADDITIONS</b>	\$ -
<b>DEDUCTIONS</b>	-
Net increase (decrease) in fiduciary net position	-
NET POSITION-BEGINNING	<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, 2023

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, 2023

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, 2023

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, compensated absences and the cost of capital assets are reported budgetary expenditures. Depreciation expense is not included in the budget. As the result of recording the new lease proceeds, the General Fund's expenditures exceeded its appropriations. This may be a violation of Colorado statutes. 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.

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

▪ General Fund	\$ 6,144
▪ Water Fund	3,062
▪ Wastewater Fund	936

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*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 consists of gravel materials for streets and fuel and various parts and supplies. 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 which 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 the following amounts:

- 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.
- Unused sick leave benefits up to a maximum of 192 hours, and
- Unused compensatory time up to a maximum of 60 hours.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 2023, the District includes \$351,103 of deferred outflows of resources related to pensions and \$9,410 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 \$784,897, inflows related to pensions \$3,525 and inflows related to OPEB \$16,380.

*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, 2023

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, 2023, 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, 2023, 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, 2023

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.

Upcoming Accounting Pronouncements

In June, 2023, 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 2023, 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. 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.

GASB Statement No. 102, *Certain Risk Disclosures*, will be implemented as required by GASB during the fiscal year ending September 30, 2025. The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The District is currently evaluating potential changes to the financial statements as a result of the implementation of this Statement.

In April, 2024, the GASB issued Statement No. 103 *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement requires that the management's discussion and analysis be reported in five sections. The statement also describes unusual or infrequent items. Proprietary funds must now report and subtotal noncapital subsidies.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major component units must be presented separately. And budget to actual information must be reported as RSI. The District is currently evaluating the effect this statement will have on its financial reporting.

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, 2023 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 399,067
Business-type activities	
Cash and investments	808,170
Total cash and investments.	<u>\$ 1,237,237</u>
Petty cash	\$ 100
Cash on deposit	82,544
Investments	1,124,593
Total cash and investments.	<u>\$ 1,207,237</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, 2023, the District's cash deposits had a bank balance of \$124,722 and a carrying balance of \$82,544. As of December 31, 2023, all of the District's deposits were covered by the Federal Deposit Insurance Corporation (FDIC).

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 2023, the District had the following investments, subject to interest rate risk:

	Weighted Average Maturity	Net Asset Value
COLOTRUST PLUS+	48 days to reset 78 days to maturity	\$ 1,124,593

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, 2023

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, 2023, the amount required as an emergency reserve in compliance with the amendment is \$31,204 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, 2023 is as follows:

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 5 - CAPITAL ASSETS(CONTINUED)

	Restated Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 564,184	\$ -	\$ -	\$ 564,184
Total capital assets, not being depreciated	<u>564,184</u>	<u>-</u>	<u>-</u>	<u>564,184</u>
Capital assets, being depreciated:				
Buildings	272,452	-	-	272,452
Recreational facilities	149,718	-	-	149,718
Machinery and equipment	634,889	59,865	-	694,754
Infrastructure	<u>276,403</u>	<u>-</u>	<u>-</u>	<u>276,403</u>
Total capital assets, being depreciated	<u>1,333,462</u>	<u>59,865</u>	<u>-</u>	<u>1,393,327</u>
Less accumulated depreciation for:				
Buildings	(81,108)	-	(9,100)	(90,208)
Recreational facilities	(104,811)	-	(4,948)	(109,759)
Equipment	(473,891)	-	(32,072)	(505,963)
Infrastructure	<u>(195,627)</u>	<u>-</u>	<u>(5,661)</u>	<u>(201,288)</u>
Total accumulated depreciation	<u>(855,437)</u>	<u>-</u>	<u>(51,781)</u>	<u>(907,218)</u>
Total capital assets, being depreciated, net	<u>478,025</u>	<u>59,865</u>	<u>(51,781)</u>	<u>486,109</u>
Capital assets, net	<u>1,042,209</u>	<u>59,865</u>	<u>(51,781)</u>	<u>1,050,293</u>
Right to use assets				
Right to use assets, being amortized:				
Equipment	255,476	10,294	-	265,770
Less accumulated amortization for:				
Equipment	<u>(33,324)</u>	<u>-</u>	<u>(37,712)</u>	<u>(71,036)</u>
Right to use assets, net	<u>222,152</u>	<u>10,294</u>	<u>(37,712)</u>	<u>194,734</u>
Total capital/right to use assets	<u>\$ 1,264,361</u>	<u>\$ 70,159</u>	<u>\$ (89,493)</u>	<u>\$ 1,245,027</u>

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

General government	\$ 18,596
Public works	28,237
Culture and recreation	<u>4,948</u>
Total depreciation/amortization expense	<u>\$ 51,781</u>

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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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. The carrying value of the asset has not been changed as the result of a possible impairment.

	Restated Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 555,479	\$ -	\$ -	\$ 555,479
Water rights	90,008	-	-	90,008
Reservoir	247,100	-	-	247,100
Construction in progress	5,375	975	(500)	5,850
Total capital assets, not being depreciated	<u>897,962</u>	<u>975</u>	<u>(500)</u>	<u>898,437</u>
Capital assets, being depreciated:				
Buildings	344,997	-	-	344,997
Plant and transmission lines	7,410,334	108,774	-	7,519,108
Machinery and equipment	489,216	119,730	-	608,946
Total capital assets, being depreciated	<u>8,244,547</u>	<u>228,504</u>	<u>-</u>	<u>8,473,051</u>
Less accumulated depreciation for:				
Buildings	(68,628)	-	(11,016)	(79,644)
Plant and transmission lines	(3,412,852)	-	(156,204)	(3,569,056)
Machinery and equipment	(391,582)	-	(28,582)	(420,164)
Total accumulated depreciation	<u>(3,873,062)</u>	<u>-</u>	<u>(195,802)</u>	<u>(4,068,864)</u>
Total capital assets, being depreciated, net	<u>4,371,485</u>	<u>228,504</u>	<u>(195,802)</u>	<u>4,404,187</u>
Total capital assets, net	<u>\$ 5,269,447</u>	<u>\$ 229,479</u>	<u>\$ (196,302)</u>	<u>\$ 5,302,624</u>

Depreciation was charged to functions/programs as follows:

Business-type Activities

Water	\$ 110,245
Sewer	<u>85,557</u>
Total depreciation/amortization expense	<u>\$ 195,802</u>

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 2023. The activity of the District's long-term obligations is as follows:

	December 31, 2022	Adjustment	Additions	Reductions	December 31, 2023	Amounts due in one year
<b>Governmental Activities:</b>						
Debt from direct borrowings and						
Direct placements						
Notes payable-admin building	\$ 113,730	\$ -	\$ -	\$ 3,004	\$ 110,726	\$ 3,101
Lease liabilities	112,836	112,836	220,647	246,773	199,546	39,506
Compensated absences	9,770	-	5,084	-	14,854	7,427
	<u>\$ 236,336</u>	<u>\$ 112,836</u>	<u>\$ 225,731</u>	<u>\$ 249,777</u>	<u>\$ 325,126</u>	<u>\$ 50,034</u>
	December 31, 2022	Adjustment	Additions	Reductions	December 31, 2023	Amounts due in one year
<b>Business-type Activities</b>						
Debt from direct borrowings and						
Direct placements						
Notes payable-admin building	\$ 227,459	-	-	6,008	221,451	6,202
Lease liabilities	112,836	(112,836)	-	-	-	18,063
Compensated absences	15,280	-	2,826	-	18,106	9,053
	<u>\$ 355,575</u>	<u>\$ (112,836)</u>	<u>\$ 2,826</u>	<u>\$ 6,008</u>	<u>\$ 239,557</u>	<u>\$ 33,318</u>

**Loans Payable**

In April, 2023, 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 30<sup>th</sup> 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, 2023 is as follows:

Admin Building Year Ending December 31,	Totals		Governmental		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
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	10,722	10,216	3,574	3,405	7,148	6,810
2029-2033	59,809	46,986	19,936	15,662	39,872	31,324
2034-2038	71,372	35,799	23,791	11,933	47,582	23,866
2039-2043	85,168	22,481	28,389	7,494	56,777	14,989
2044-2048	65,739	6,730	21,914	2,243	43,828	4,486
Totals	<u>\$ 332,177</u>	<u>\$ 166,599</u>	<u>\$ 110,726</u>	<u>\$ 55,532</u>	<u>\$ 221,451</u>	<u>\$ 111,065</u>

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

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, 2001, 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 \$12,797, 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. Payments for this lease are made by the General Fund.

With the implementation of GASB Statement 87 *Leases*, the District recorded a right to use asset and a lease liability of \$255,476. The net book value of the lease is \$194,734. 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.

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, 2023 is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,506	\$ 11,680	51,186
2025	42,122	9,064	51,186
2026	44,912	6,274	51,186
2027	47,886	3,300	51,186
2028	25,120	473	25,593
	<u>\$ 199,546</u>	<u>\$ 30,791</u>	<u>\$ 230,337</u>

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Compensated Absences

According to the District's Compensated Absences Policy, the District limits the amount of unused vacation to a maximum of 80 hours, sick leave to a maximum of 192 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, 2023, the District had a net investment in capital assets for the governmental activities of \$934,755 and the business type activities of \$5,081,172.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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](http://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, 2023

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, 2023: 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, 2023 through December 31, 2023 are summarized in the table below:

	January 1st to June 30th	July 1st to December 31st
Employer Contribution Rate as a Percentage of Salary	10.5%	11.0%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Total Apportioned to the LGDTF	9.48%	9.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R. S. § 24-51-415	.03%	.03%
Total Employer Contribution Rate to the LGDTF	13.21%	13.71%

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 \$89,793 for the year ended December 31, 2023.

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

At December 31, 2023, the District reported a liability of \$707,053 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 2022. The Subdistrict proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2022, the District's proportion was .070524%, which was an decrease of .009556% from its proportion measured as of December 31, 2021. For the year ended December 31, 2023, the District recognized pension income of \$83,836. At December 31, 2023, 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	\$ -	3,525
Difference Between Projected and Actual Investment Earnings	288,651	-
Changes in Proportion and Differences Between Contributions		
Contributions Recognized and Proportionate Share of Contributions	(27,341)	-
Contributions Subsequent to the Measurement Date	89,793	-
Totals	\$ 351,103	\$ 3,525

Deferred outflows of resources related to pensions of \$89,793, 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, 2024.

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	\$ (44,548)
	2024	29,616
	2025	103,288
	2026	169,429
Total		\$ 257,785

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 1	
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 total pension liability for the Trust Fund, as of the December 31, 2022 measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313 of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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

Actuarial Assumptions (Continued)

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 actuarial assumptions used in the December 31, 2021, 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 weighing 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, 2023

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, 2023. 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, 2023. 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, 2023.
- Benefit payments and contributions were assumed to be made at the middle of the year.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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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	\$ 1,186,961	\$ 707,053	\$ 305,287

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](http://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](http://www.copera.org/investments/pera-financial-reports).

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 2023

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 \$6,666 for the year ended December 31, 2023.

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

At December 31, 2023, the District reported a liability of \$46,510 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was .005696%, which was an decrease of .000528% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized OPEB income of \$4,242. At December 31, 2023, 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, 2023

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 6	\$ 11,247
Changes in Assumptions or Other Inputs	748	5,133
Difference Between Projected and Actual Investment Earnings	2,841	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	(852)	-
Contributions Subsequent to the Measurement Date	6,666	-
Totals	\$ 9,409	\$ 16,380

Deferred outflows of resources related to OPEB of \$6,666, 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:

For the Plan Year Ended December 31,		
	2023	\$ (4,770)
	2024	(4,487)
	2025	(2,157)
	2026	(440)
	2027	(1,340)
	Thereafter	(443)
Total		\$ (13,637)

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 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%
	6.50% in 2022
	gradually decreasing to
	4.50% in 2030
PERACare Medicare Plans	3.75% in 2022
	gradually increasing to
	4.50% in 2029
Medicare Part A Premiums	N/A

The total pension liability for the Trust Fund, as of the December 31, 2022 measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313 of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by option, based on the 2022 premium rate for UnitedHealth Care Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealth Care MAPD PPO plan #2 and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase Male	Annual Increase Female
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #1 without Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,704	\$ 1,450	\$ 6,514	\$ 5,542
70	1,976	1,561	7,553	5,966
75	2,128	1,681	8,134	6,425
	MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse	
65	\$ 583	\$ 496	\$ 4,227	\$ 3,596
70	676	534	4,901	3,872
75	728	575	5,278	4,169
	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
65	\$ 1,923	\$ 1,634	\$ 6,752	\$ 5,739
70	2,229	1,761	7,826	6,185
75	2,401	1,896	8,433	6,657

The 2022 Medicare part A premium is \$499 (actual dollars) per month.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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.

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, 2021, 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:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	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.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the cost for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to the middle-of-year withing the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuations were 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.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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 weighing 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	100.00%	

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	5.25%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rae	3.00%	3.75%	4.75%
Ultimate PERACare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 45,193	\$ 46,509	\$ 47,941

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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, 2022, 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, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

	1% Decrease (6.25%)	Current Discount rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 53,918	\$ 46,510	\$ 40,172

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](http://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 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES

For the year ended December 31, 2023, an asset and its corresponding liabilities were transferred from the proprietary funds to governmental activities. As a result, the Water and the Wastewater Fund recorded transfers of \$1,232 and \$528, respectively.

Interfund receivables/payables are as follows as of December 31, 2023:

	Interfund Receivables	Interfund Payables
General	\$ -	\$ 126,654
Wastewater	228	-
Fiduciary Bond Fund	126,654	-
	\$ 126,882	\$ 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.

FOREST LAKES METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 12 - 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). 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 13 - RESTATEMENTS

In preparing for the audit, the District noted that certain capital asset additions and deletions from prior years had not been recorded on the general ledger. As a result, the District recorded the following restatements of equity.

Governmental activities	\$ (188,854)
Water Fund	(258,342)
Wastewater Fund	(24,326)

**REQUIRED SUPPLEMENTARY INFORMATION**

**FOREST LAKES METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**NON GAAP BUDGET BASIS**  
**GENERAL FUND**  
**Year Ended December 31, 2023**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Taxes			
Property	\$ 348,427	\$ 345,574	\$ (2,853)
Specific ownership	80,000	72,686	(7,314)
Penalties and interest	500	803	303
Intergovernmental			
Highway Users Tax	60,000	66,467	6,467
State lottery proceeds	10,000	11,903	1,903
Charges for service			
Roads	285,000	282,761	(2,239)
Trash	168,906	165,536	(3,370)
Mail box	48,500	48,421	(79)
Late Fees	5,000	15,443	10,443
Fees			
Impact	2,500	4,164	1,664
Land transfer	3,500	5,500	2,000
Permit	-	1,045	1,045
Investment income	1,800	23,719	21,919
Sales of assets	75,000	-	(75,000)
Miscellaneous	20,000	8,008	(11,992)
Grant revenue	20,000	-	(20,000)
Lease proceeds	-	220,647	220,647
Total revenues	1,129,133	1,493,324	364,191
<b>EXPENDITURES</b>			
Current			
Public works			
Roads	417,133	507,956	(90,823)
Recreation	32,000	39,004	(7,004)
General and administrative	365,000	454,379	(89,379)
Engineering service	5,000	-	5,000
Debt service			
Principal	-	249,777	(249,777)
Interest	-	13,100	(13,100)
Capital outlay	310,000	70,159	239,841
Other	-	-	-
Total expenditures	1,129,133	1,334,375	(205,242)
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>    EXPENDITURES</b>	\$ -	158,949	\$ 158,949
<b>FUND BALANCE - BEGINNING</b>			
<b>    OF YEAR</b>		482,149	
<b>FUND BALANCE - END OF YEAR</b>		\$ 641,098	

**FOREST LAKES METROPOLITAN DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**December 31, 2023**

Reporting fiscal year Measurement date	<b>2023 (2022)</b>	<b>2022 (2021)</b>	<b>2021 (2020)</b>	<b>2020 (2019)</b>	<b>2019 (2018)</b>	<b>2018 (2017)</b>	<b>2017 (2016)</b>	<b>2016 (2015)</b>	<b>2015 (2014)</b>	<b>2014 (2013)</b>
Proportion of the net pension liability (asset)	0.070524%	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)	\$ 707,053	\$ (68,857)	\$ 408,814	\$ 568,887	\$ 891,179	\$ 803,397	\$ 1,130,754	\$ 907,444	\$ 703,892	\$ 670,512
Covered payroll	\$ 588,803	\$ 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	120.08%	-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	82.99%	101.50%	90.88%	86.26%	75.96%	79.37%	76.65%	76.87%	80.72%	81.00%

**FOREST LAKES METROPOLITAN DISTRICT**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**December 31, 2023**

Reporting fiscal year	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 89,793	\$ 77,722	\$ 78,865	\$ 71,609	\$ 67,919	\$ 58,953	\$ 57,471	\$ 61,465	\$ 59,321	\$ 54,565
Contributions in relation to the contractually required contribution	\$ (89,793)	\$ (77,722)	\$ (78,865)	\$ (71,609)	\$ (67,919)	\$ (58,953)	\$ (57,471)	\$ (61,465)	\$ (59,321)	\$ (54,565)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 653,511	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738	\$ 467,834	\$ 430,322
Contributions as a percentage of covered payroll	13.74%	13.20%	13.18%	12.97%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

**FOREST LAKES METROPOLITAN DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**December 31, 2023**

Reporting fiscal year Measurement date	<u>2023 (2022)</u>	<u>2022 (2021)</u>	<u>2021 (2020)</u>	<u>2020 (2019)</u>	<u>2019 (2018)</u>	<u>2018 (2017)</u>	<u>2017 (2016)</u>
Proportion of the net OPEB liability	0.005696%	0.006224%	0.000000%	0.005957%	0.005497%	0.005583%	0.006420%
Proportionate share of the net OPEB liability (asset)	\$ 46,510	\$ 53,672	\$ 56,859	\$ 66,958	\$ 74,791	\$ 72,555	\$ 83,236
Covered payroll	\$ 588,803	\$ 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	7.90%	8.97%	10.30%	12.50%	16.09%	16.01%	17.17%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	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, 2023**

Reporting fiscal year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 6,666	\$ 5,896	\$ -	\$ 5,644	\$ 5,464	\$ 4,742	\$ 4,623	\$ 4,944
Contributions in relation to the contractually required contribution	\$ (6,666)	\$ (5,896)	\$ -	\$ (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>	<u>\$ -</u>
Covered payroll	\$ 653,511	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738
Contributions as a percentage of covered payroll	1.02%	1.00%	0.00%	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, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services			
Water connection fees	\$ 10,000	7,750	\$ (2,250)
Water sales	452,000	482,484	30,484
Water sales, out of district	16,000	18,915	2,915
Availability fees	35,750	42,598	6,848
Fees			
Late fees	3,000	22	(2,978)
Land transfer fees	2,500	0	(2,500)
Water impact fees	7,000	9,256	2,256
Disconnect/reconnect fees		250	
Taxes			
Property	154,515	155,156	641
Penalties and interest	200	361	161
Tap fees	25,000	57,725	32,725
Net investment income	2,000	19,021	(1,745)
Other income	500	255	732
Transfers in	50,000	1,232	(48,768)
Pension/OPEB revenue	-	29,946	29,946
Total revenues	<u>758,465</u>	<u>824,971</u>	<u>48,467</u>
<b>EXPENDITURES</b>			
Water source	101,925	89,247	12,678
Water treatment	15,900	19,194	(3,294)
Water transportation and distribution	237,600	203,968	33,632
Administration	220,415	238,390	(17,975)
Engineering service	15,000	-	15,000
Debt service			
Principal	-	3,004	(3,004)
Interest	-	3,976	(3,976)
Capital outlay	162,250	114,252	47,998
Contingency	5,375	-	5,375
Other	-	-	-
Total expenditures	<u>758,465</u>	<u>672,031</u>	<u>86,434</u>
<b>NET CHANGE IN FUND BALANCE-NON GAAP</b>	<u>\$ -</u>	<u>152,940</u>	<u>\$ 152,940</u>
<b>PERSPECTIVE DIFFERENCES</b>			
Principal payments		3,004	
Capital outlay		114,252	
Depreciation expense		<u>(110,245)</u>	
<b>TOTAL PERSPECTIVE DIFFERENCES</b>		<u>7,011</u>	
<b>NET CHANGE IN FUND BALANCE-GAAP BASIS</b>		159,951	
<b>NET POSITION- BEGINNING OF YEAR, AS ORIGINALLY REPORTED</b>		3,905,290	
<b>RESTATEMENTS</b>			
For capital assets		<u>(258,342)</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 3,806,899</u>	

**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, 2023**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Charges for services			
Wastewater connection fees	\$ 10,000	\$ 400	\$ (9,600)
Wastewater treatment sales	241,000	231,567	(9,433)
Wastewater out of District	11,000	18,207	7,207
Availability fees	25,000	25,484	484
Fees			
Late fees	5,000	22	(4,978)
Land transfer fees	3,000	-	(3,000)
Wastewater impact fees	5,000	1,174	(3,826)
Taxes			
Property	201,768	204,523	2,755
Penalties and interest	200	475	275
Tap fees	60,000	23,300	(36,700)
Net investment income	2,000	18,958	16,958
Other Income	500	63	(437)
Transfers in	-	528	528
Pension/OPEB revenue	-	23,781	23,781
Total revenues	564,468	548,482	(15,986)
<b>EXPENDITURES</b>			
Wastewater transmission and collection	125,665	112,401	13,264
Wastewater treatment	136,000	89,068	46,932
Administration	202,803	192,214	10,589
Engineering services	5,000	-	5,000
Debt service			
Principal	50,000	3,004	46,996
Interest	-	3,976	(3,976)
Capital outlay	45,000	114,252	(69,252)
Engineering	-	-	-
Other	-	-	-
Total expenditures	564,468	514,915	49,553
<b>NET CHANGE IN FUND BALANCE-NON GAAP</b>	<b>\$ -</b>	<b>33,567</b>	<b>\$ 33,567</b>
<b>PERSPECTIVE DIFFERENCES</b>			
Principal payments		3,004	
Capital outlay		114,252	
Depreciation expense		(85,557)	
<b>TOTAL PERSPECTIVE DIFFERENCES</b>		<b>31,699</b>	
<b>NET CHANGE IN FUND BALANCE-GAAP BASIS</b>		65,266	
<b>NET POSITION- BEGINNING OF YEAR, AS ORIGINALLY REPORTED</b>		1,920,008	
<b>RESTATEMENTS</b>			
For capital assets		(24,326)	
<b>FUND BALANCE - END OF YEAR</b>		<b>\$ 1,960,948</b>	