

Skyland Metropolitan District

Financial Report

December 31, 2023

**Skyland Metropolitan District
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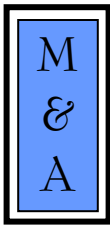
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Skyland Metropolitan District
Crested Butte, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Skyland Metropolitan District (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, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Skyland Metropolitan 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Skyland Metropolitan District

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 U.S. GAAS 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 U.S. GAAS, 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

U.S. GAAP require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with U.S. GAAS, 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
Skyland Metropolitan District

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as a whole. The individual fund budgetary comparison found in Section F is presented for purposes of additional analysis and is not a required part of the financial statements. The individual fund budgetary comparison found in Section F, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical tables found in Section G but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



McMahan and Associates, L.L.C.
Avon, Colorado
July 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Skyland Metropolitan District

Management's Discussion and Analysis
December 31, 2023

As management of the Skyland Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information, supplementary information, and statistical tables in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities, and deferred inflows of resources. The difference between the total of asset and the total of liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and highways and streets. The business-type activities of the District include the water system and sewer system.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's governmental funds include the General Fund and Debt Service Fund.

Overview of the Financial Statements (continued)

Governmental Funds (continued): Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Change in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages C3 through C6.

Proprietary Funds: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The District uses the enterprise fund to account for its water and sewer operations.

The proprietary fund financial statements provide separate information for each of the business-type services provided by the District, each of which is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: The District adopts an annual appropriated budget for its General Fund, Debt Service Fund, and Water and Sewer Fund. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with the budgets and are found on pages E1, F1, and F2.

Government-wide Financial Analysis

Skyland Metropolitan District's Net Position:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022 (as restated)	2023	2022 (as restated)
Assets:						
Current and other assets	\$ 2,845,413	2,610,954	2,002,072	1,628,491	4,847,485	4,239,445
Capital assets	1,040,107	1,100,353	7,222,110	7,456,403	8,262,217	8,556,756
Total Assets	3,885,520	3,711,307	9,224,182	9,084,894	13,109,702	12,796,201
Liabilities:						
Current and other liabilities	264,091	254,962	1,405,681	1,346,274	1,669,772	1,601,236
Long-term liabilities	1,203,534	1,417,603	48,556	66,475	1,252,090	1,484,078
Total Liabilities	1,467,625	1,672,565	1,454,237	1,412,749	2,921,862	3,085,314
Deferred Inflows of Resources	820,571	699,838	-	-	820,571	699,838
Net Position:						
Net invested in capital assets	(378,427)	(637,914)	7,155,635	7,372,479	6,777,208	6,734,565
Restricted for emergencies	17,000	19,000	-	-	17,000	19,000
Unrestricted	1,958,751	1,957,823	614,310	299,663	2,573,061	2,257,486
Total Net Position	\$ 1,597,324	1,338,909	7,769,945	7,672,142	9,367,269	9,011,051

Government-wide Financial Analysis (continued)

The largest portion of the District's assets is its capital assets. Roads and streets and the related infrastructure and the water and sewer system are necessary in order to deliver and/or provide services to the District's residents and visitors. The capital assets account for approximately 63% of its total assets. These assets are not an available source for payment of future spending. The remaining \$4,847,485 of assets consist of \$17,000, or 3%, of the annual revenues for governmental activities that is restricted for use in the event of an emergency; \$820,571 is property taxes receivable collectible in the subsequent year and is offset in the District's deferred inflows of resources and, therefore, is not available for future spending; and \$1,372,089 represents unearned water tank revenue which will not be available until a new water tank is built. The District has an unrestricted net position of \$2,573,061 as of December 31, 2023.

Governmental activities of the District had a net position of \$1,597,324 and business-type activities had a net position of \$7,769,945 which resulted in total government-wide net position of \$9,367,269 as of December 31, 2023.

The District's net position increased \$356,219 during the current fiscal year.

Skyland Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 108,083	104,203	252,506	238,310	360,589	342,513
Grants and contributions	-	15,000	129,906	152,171	129,906	167,171
General revenues:						
Property taxes	699,183	701,216	-	-	699,183	701,216
Other taxes	39,835	44,339	-	-	39,835	44,339
Interest	1,769	1,617	177,332	47,903	179,101	49,520
Miscellaneous	915	1,538	-	-	915	1,538
Total Revenues	849,785	867,913	559,744	438,384	1,409,529	1,306,297
Expenses:						
General government	329,903	300,644	-	-	329,903	300,644
Highways and streets	192,325	220,410	-	-	192,325	220,410
Interest on long-term debt	69,141	77,135	-	-	69,141	77,135
Water and sewer	-	-	461,941	449,894	461,941	449,894
Total Expenses	591,369	598,189	461,941	449,894	1,053,310	1,048,083
Change in Net Position	258,416	269,724	97,803	(11,510)	356,219	258,214
Net Position - Beginning	1,338,908	1,069,185	7,672,142	7,683,652	9,011,050	8,752,837
Net Position - Ending	\$ 1,597,324	1,338,909	7,769,945	7,672,142	9,367,269	9,011,051

Government-wide Financial Analysis (continued)

Governmental Activities: Governmental activities for 2023 increased the District's net position by \$258,416.

Governmental revenues decreased by \$18,128 from 2022 levels mainly because of reduction of revenues from property and other taxes revenues of \$6,537 and a decrease in grant contributions of \$15,000.

In 2023, total expenses for governmental activities decreased by \$6,820. Expenses for highways and streets decreased by \$28,085 and expenses for interest on long-term debt decreased by \$7,994. This decrease was partially offset by an increase in general government of \$29,259.

Business-type Activities: Business-type activities for 2023 increased the District's net position by \$97,803. Key elements of the increase are as follows:

An increase in business-type activities revenues of \$121,360 is mainly attributable to increase in charges for services of \$14,196 and increase in interest revenue \$129,429.

The increase in revenues was partially offset by a decrease in revenue from grants and contributions of \$22,265, and an increase in water and sewer expenses of \$12,047.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,980,809, an increase of \$113,909 from the prior year ending fund balances.

Proprietary Fund: The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for the proprietary fund at the end of the current fiscal year was \$614,310. The unrestricted assets are available for spending at the District's discretion. In addition, \$7,769,945 of net position at December 31, 2023 represents the District's investment in capital assets, net of related debt. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Financial Analysis of the District's Funds (continued)

Budget Variances in the General Fund: The District amended the General Fund budget in 2023 to reflect a decrease in expenditures.

Significant budget variances for 2023 were as follows:

<u>Account</u>	<u>Original Budget Variance Positive (Negative)</u>	<u>Reason</u>
<i>Expenditures:</i>		
Snowplowing	21,775	Due to conservative budgeting
Open space	46,843	Due to conservative budgeting
Equipment	37,320	Budget project not undertaken

Capital Assets: The District's capital assets decreased government-wide by \$294,540. Current year additions totaled \$62,465, while 2023 depreciation and amortization expense was \$350,992. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement in Section D of this report.

Long-term Debts: The District refunded its debt and issued improvement bonds in the fiscal year 2010, and it also currently has a lease payable. In 2023, the long-term debt of the District decreased by \$222,450. The District's source of revenue to pay debt services is a mill levy on the property within the boundaries. Additional information as well as a detailed classification of the District's total long-term liabilities can be found in the Notes to the Financial Statements in Section D.

Next Year's Budget and Rates: The District's General Fund, fund balance at the end of fiscal year 2023 was \$1,975,098. The 2024 budget reflects a decrease in General Fund balance by \$151,490. The General Fund expenditures are budgeted to increase due to increase in budgeted amount for wages and road maintenance; the revenues are budgeted to increase due to increase in property taxes.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, Skyland Metropolitan District, 350 Country Club Drive, Suite 112, Crested Butte, Colorado 81224-9626.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Skyland Metropolitan District
Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	2,001,775	1,955,593	3,957,368
Receivables:			
Property tax	820,571	-	820,571
Accounts, net of allowance	-	46,479	46,479
Other	3,188	-	3,188
Prepaid insurance	19,879	-	19,879
Capital assets not being depreciated	13,800	4,307,005	4,320,805
Capital assets, net of accumulated depreciation/amortization	1,026,307	2,915,105	3,941,412
Total Assets	<u>3,885,520</u>	<u>9,224,182</u>	<u>13,109,702</u>
Liabilities:			
Accounts payable and accrued liabilities	44,033	13,543	57,576
Accrued interest payable	5,058	-	5,058
Accrued compensated absences	-	2,130	2,130
Unearned water tank revenue	-	1,372,089	1,372,089
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	215,000	-	215,000
Lease payable	-	17,919	17,919
Portion due or payable after one year:			
Bonds payable	1,203,534	-	1,203,534
Lease payable	-	48,556	48,556
Total Liabilities	<u>1,467,625</u>	<u>1,454,237</u>	<u>2,921,862</u>
Deferred Inflows of Resources:			
Unavailable property tax revenue	820,571	-	820,571
Total Deferred Inflows of Resources	<u>820,571</u>	<u>-</u>	<u>820,571</u>
Net Position:			
Net invested in capital assets	(378,427)	7,155,635	6,777,208
Restricted for emergencies	17,000	-	17,000
Unrestricted	1,958,751	614,310	2,573,061
Total Net Position	<u>1,597,324</u>	<u>7,769,945</u>	<u>9,367,269</u>

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

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

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs:						
Governmental Activities:						
General government	329,903	108,083	-	(221,820)	-	(221,820)
Highways and streets	192,325	-	-	(192,325)	-	(192,325)
Interest on long-term debt	69,141	-	-	(69,141)	-	(69,141)
Total Governmental Activities	<u>591,369</u>	<u>108,083</u>	<u>-</u>	<u>(483,286)</u>	<u>-</u>	<u>(483,286)</u>
Business-type Activities:						
Water and sewer	461,941	252,506	129,906	-	(79,529)	(79,529)
Total Business-type Activities	<u>461,941</u>	<u>252,506</u>	<u>129,906</u>	<u>-</u>	<u>(79,529)</u>	<u>(79,529)</u>
Total	<u><u>1,053,310</u></u>	<u><u>360,589</u></u>	<u><u>129,906</u></u>	<u><u>(483,286)</u></u>	<u><u>(79,529)</u></u>	<u><u>(562,815)</u></u>
General Revenues:						
Property tax				699,183	-	699,183
Specific ownership tax				39,835	-	39,835
Interest				1,769	177,332	179,101
Miscellaneous				915	-	915
Total general revenues				<u>741,702</u>	<u>177,332</u>	<u>919,034</u>
Change in Net Position				258,416	97,803	356,219
Net Position - Beginning				1,338,908	7,672,142	9,011,050
Net Position - Ending				<u><u>1,597,324</u></u>	<u><u>7,769,945</u></u>	<u><u>9,367,269</u></u>

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

FUND FINANCIAL STATEMENTS

**Skyland Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	1,944,006	57,769	2,001,775
Receivables:			
Property taxes assessed but not collected	585,010	235,561	820,571
Other	3,188	-	3,188
Prepaid insurance	19,879	-	19,879
Due from other fund	52,058	-	52,058
Total Assets	<u><u>2,604,141</u></u>	<u><u>293,330</u></u>	<u><u>2,897,471</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	44,033	-	44,033
Due to other fund	-	52,058	52,058
Total Liabilities	<u><u>44,033</u></u>	<u><u>52,058</u></u>	<u><u>96,091</u></u>
Deferred Inflows of Resources:			
Unavailable property tax revenue	585,010	235,561	820,571
Total Deferred Inflows of Resources	<u><u>585,010</u></u>	<u><u>235,561</u></u>	<u><u>820,571</u></u>
Fund Balances:			
Non-spendable:			
Prepaid expenses	19,879	-	19,879
Restricted:			
TABOR	17,000	-	17,000
Unassigned	1,938,219	5,711	1,943,930
Total Fund Balances	<u><u>1,975,098</u></u>	<u><u>5,711</u></u>	<u><u>1,980,809</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>2,604,141</u></u>	<u><u>293,330</u></u>	<u><u>2,897,471</u></u>

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

**Skyland Metropolitan District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2023**

**Governmental Funds Total Balance
of Net Position are Different Because:**

Fund balance - total governmental funds (page C3)		1,980,809
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Details of these amounts are as follows:

Capital assets	4,953,420	
Accumulated depreciation	<u>(3,913,313)</u>	
		1,040,107

Deferred charges such as and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and are amortized on the Statement of Net Position:

Discounts and premiums on bonded debt	<u>6,466</u>	
		6,466

Long-term liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details of these amounts are as follows:

Bonds payable	(1,425,000)	
Accrued interest	<u>(5,058)</u>	
		<u>(1,430,058)</u>

Net Position of Governmental Activities		<u><u>1,597,324</u></u>
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Skyland Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	503,673	235,345	739,018
Management fees	60,000	-	60,000
Availability of service fees	-	48,083	48,083
Interest	1,769	-	1,769
Miscellaneous	915	-	915
Total Revenues	<u>566,357</u>	<u>283,428</u>	<u>849,785</u>
Expenditures:			
General government	311,468	-	311,468
Highways and streets	143,236	-	143,236
Debt Service:			
Principal	-	205,000	205,000
Interest	-	68,894	68,894
Trustee fees	-	200	200
Treasurer fees	-	7,078	7,078
Total Expenditures	<u>454,704</u>	<u>281,172</u>	<u>735,876</u>
Net Change in Fund Balances	111,653	2,256	113,909
Fund Balances - Beginning	<u>1,863,445</u>	<u>3,455</u>	<u>1,866,900</u>
Fund Balances - Ending	<u><u>1,975,098</u></u>	<u><u>5,711</u></u>	<u><u>1,980,809</u></u>

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

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

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

Net change in fund balance - total governmental funds (page C5) 113,909

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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.

Details of these differences are as follows:

Capital additions	18,180	
Depreciation expense	<u>(78,426)</u>	(60,246)

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

Repayment of principal on bonds	205,000	
Amortization of bond premium	996	
Amortization of bond discount	(1,926)	
Change in accrued interest	<u>683</u>	204,753

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and asset impairment) is to decrease Net Position.

Change in Net Position of Governmental Activities	<u><u>258,416</u></u>
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**Skyland Metropolitan District
Statement of Net Position
Proprietary Fund Type
Water and Sewer Fund
For the Year Ended December 31, 2023**

Assets:

Current Assets:

Cash and investments	1,955,593
Accounts receivable, net of allowance of \$0	46,479
Total Current Assets	<u>2,002,072</u>

Non-Current Assets:

Non-depreciable capital assets	
Depreciable/amortizable capital assets, net of accumulated depreciation/amortization	4,307,006 2,915,104
Total Non-Current Assets	<u>7,222,110</u>

Total Assets	<u>9,224,182</u>
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Liabilities:

Current Liabilities:

Accounts payable and accrued liabilities	13,543
Leases payable - current portion	17,919
Total Current Liabilities:	<u>31,462</u>

Long-term Liabilities:

Leases payable, net of current portion	48,556
Accrued compensated absences	2,130
Unearned water tank revenue	1,372,089
Total Long-term Liabilities:	<u>1,422,775</u>

Total Liabilities	<u>1,454,237</u>
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Net Position:

Net invested in capital assets	7,155,635
Unrestricted	614,310
Total Net Position	<u>7,769,945</u>

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

Skyland Metropolitan District
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Fund Type
Water and Sewer Fund
For the Year Ended December 31, 2023

Operating Revenues:	
Service fees	248,153
Other	4,353
Total Operating Revenues	252,506
 Operating Expenses:	
Repair and maintenance - Water and sewer	34,259
Dam and lake maintenance	17,213
Capital engineering	900
Operational engineering	2,908
Legal fees	1,562
Utilities	33,644
Depreciation and amortization	272,567
Miscellaneous	7,377
Supplies and chemicals	4,553
Waste and water tests	2,457
Travel and education	35
Wages and benefits	82,445
Total Operating Expenses	459,920
Operating (Loss)	(207,414)
 Non-Operating Revenues (Expenses):	
Interest income	177,332
Interest expense	(2,021)
Net Non-Operating Revenues (Expenses)	175,311
(Loss) Before Contributions and Transfers	(32,103)
Tap fees	129,906
Change in Net Position	97,803
Total Net Position - Beginning	7,672,142
Total Net Position - Ending	7,769,945

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

Skyland Metropolitan District
Statement of Cash Flows
Proprietary Fund Type
Water and Sewer
For the Year Ended December 31, 2023

Cash Flows from Operating Activities:	
Cash received from customers	323,080
Cash payments for goods and services	(151,092)
Cash payments to employees and benefits	(85,393)
Net Cash Provided (Used) by Operating Activities	86,595
 Cash Flows from Capital and Related Financing Activities:	
Tap and water tank fees received	129,906
Cash paid for capital improvements	(16,183)
Interest paid	(2,021)
Principal paid on long-term debt	(17,450)
Net Cash Provided (Used) by Capital and Related Financing Activities	94,252
 Cash Flows from Investing Activities:	
Interest income	177,332
Net Cash Provided (Used) by Investing Activities	177,332
 Net Change in Cash	 358,179
Cash and Investments - Beginning	1,597,414
Cash and Investments - Ending	1,955,593
 Reconciliation of Operating (Loss) to	
Net Cash Provided by Operating Activities:	
Operating (loss)	(207,414)
Adjustments to reconcile operating (loss) to net	
cash provided by operating activities:	
Depreciation and amortization expense	250,478
(Increase) decrease in accounts receivable	(15,404)
Increase (decrease) in accounts payable and accrued liabilities	(27,043)
Increase (decrease) in unearned water tank revenue	85,978
Total Adjustments	294,009
 Net Cash Provided (Used) by Operating Activities	 86,595

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

NOTES TO THE FINANCIAL STATEMENTS

**Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023**

I. Summary of Significant Accounting Policies

The Skyland Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act.

The District, located in Gunnison County, Colorado, was formed on October 26, 1981, for the purpose of providing water and sewage, fire protection, street, curb and gutter improvements, and safety protection functions to the residents of the District. Currently, sewer and fire protection services are not provided by the District.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements, (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's administration and highways and streets are classified as governmental activities. The District's water and sewer are classified as a business-type activity.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (utilities). The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital contributions. Program revenues must be directly associated with the function (general government and highways and streets) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific contributions.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

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

The *Debt Service Fund* accounts for the accumulation of financial resources to be used for the payment of long-term debt principal, interest, and related costs.

The District reports the following proprietary or business-type fund:

The *Water and Sewer Fund* accounts for the operations of the water and sewer systems.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

The District's follows Colorado statutes specifying specific investments instruments meeting defined rating criteria in which local governments may invest, which include:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 60 months)
- Prime Commercial Paper (maximum maturity of 60 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unearned revenue.

4. Prepaid Expenses

Prepaid expenses are amounts paid in the current year for expenses related to subsequent years.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to / from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

6. Capital Assets

Capital assets, which include roads, signs, bridges and paths, water systems, sewer systems and improvements are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Measurement of right-to-use leased assets is discussed in Note I.E.13.

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 outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

**Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)**

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Capital Assets (continued)

The District's tangible capital assets are depreciated, using the straight-line method, over the following estimated useful lives of the underlying assets. Intangible right-to-use assets are amortized, using the straight-line method, over the shorter of the lease term or estimated useful life of the underlying asset as follows:

<u>Assets</u>	<u>Years</u>
Equipment, signs, and water meters	5 - 15
Roads and streets	20
Pedestrian bridge and paths	20
Water tank, water and sewer systems, and buildings and improvements	10 - 40
Right-to-use leased asset	5

7. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the financial statements.

8. Unearned Water Tank Revenue

Unearned water tank revenue represents water tank tap fees and 20% of user fees to be used for funding of a future water storage facility.

9. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

10. Deferred Inflows of Resources

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Unavailable property tax revenue is reported in both the government-wide statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is Board of Directors. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Directors platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to Board of Directors via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Board of Directors approval, must be presented via a public process and again approval by Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Categories and Classification of Fund Balance (continued)

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

In addition to the above note disclosure, GASB 54 requires disclosure of the following fund definitions:

General Fund – The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

12. Tap Fees

Accounting and Financial Reporting for Nonexchange Transactions, GASB No. 33, requires that government entities that receives tap fees record the tap fees as revenue for accounting periods beginning after June 15, 2000. The District has reported tap fees for the year ended December 31, 2023 as revenue in the accompanying financial statements.

13. Leases

District as Lessee:

The District is a lessee in a non-cancellable lease agreement for a right-to-use asset as further described in Note III.F.1. In such arrangements, the District recognizes right-to-use leased assets (and corresponding lease liabilities) with an initial, individual value of \$5,000 or more. Right-to-use leased assets and lease liabilities are reported on the Statement of Net Position.

At the commencement of the lease, the District initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the lease liability is reduced by the principal portion of payments made.

The leased 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 leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

13. Leases (continued)

District as Lessee (continued):

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: When the interest rate charged by the lessor is not provided, the District uses a United States Treasury bond rate which bond term approximates the term of the lease.

Lease Term: The lease term includes a non-cancellable period.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

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.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with GAAP, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2023.

1. For the 2023 budget year, prior to August 25, 2022, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District Manager submitted to the Board, on or before October 15, 2022, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2022, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year, a supplemental appropriation ordinance was necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax, and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

**Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)**

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has provided for an emergency reserve of \$17,000, in the General Fund, in compliance with TABOR at December 31, 2023.

The District's electors have passed ballot questions that permit:

- 1) An increase of up to \$1,500,000 in the final year of a phased-in tax increase by the certification of additional mill levies for general fund operating expenses in addition to debt service, which increase may be levied and spent regardless of any limitations imposed by C.R.S. § 29-1-301, *et seq.* and Article X, Section 20 of the Colorado Constitution.
- 2) An increase in Skyland's revenues and spending up to \$1,500,000 in any one fiscal year to the extent that revenues and spending in each such fiscal year are in excess of applicable revenue and spending limits.

The District's management believes that it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

At year end, the District had the following deposits and maturities:

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking	Not Rated	\$ 4,660	-	-
Money market	Not Rated	254,828	-	-
COLOTRUST investment pool	AAAm	3,697,880	3,697,880	-
		<u>\$ 3,957,368</u>	<u>3,697,880</u>	<u>-</u>

The Investment Pool represents an investment in Colorado Liquid Asset Trust ("COLOTRUST"). The investment is measured at the net asset value, and the fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

**Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)**

III. Detailed Notes on All Funds (continued)

A. Deposits (continued)

1. Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

2. Credit Risk

State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

3. Concentration of Credit Risk

The District diversifies its investments by security type and institution.

Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed.

Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:				
Property tax	\$ 585,010	235,561	-	820,571
Accounts	-	-	46,479	46,479
Other	3,188	-	-	3,188
Net Receivables	<u>\$ 588,198</u>	<u>235,561</u>	<u>46,479</u>	<u>870,238</u>

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Detailed Notes on All Funds (continued)

B. Receivables (continued)

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$820,571 of unavailable revenue is property taxes levied in 2023 but not available until 2024.

C. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

The General Fund had interfund receivables from the Debt Service Fund of \$52,058, as of December 31, 2023.

D. Capital Assets

Capital assets activities for the year ended December 31, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 13,800	-	-	13,800
Total Capital Assets, Not Being Depreciated	<u>13,800</u>	<u>-</u>	<u>-</u>	<u>13,800</u>
Depreciable/amortizable capital assets:				
Equipment	109,899	-	-	109,899
Roads	4,271,163	-	-	4,271,163
Signs	38,096	-	-	38,096
Pedestrian bridge and paths	279,009	-	-	279,009
Buildings and Improvements	223,273	18,180	-	241,453
Total depreciable/amortizable capital assets	<u>4,921,440</u>	<u>18,180</u>	<u>-</u>	<u>4,939,620</u>
Less accumulated depreciation/amortization for:				
Equipment	(104,552)	(5,347)	-	(109,899)
Roads	(3,418,420)	(56,652)	-	(3,475,072)
Signs	(37,322)	(387)	-	(37,709)
Pedestrian bridge and paths	(197,816)	(10,231)	-	(208,047)
Building and Improvements	(76,777)	(5,809)	-	(82,586)
Total accumulated depreciation/amortization	<u>(3,834,887)</u>	<u>(78,426)</u>	<u>-</u>	<u>(3,913,313)</u>
Total depreciable/amortizable capital assets, net	<u>1,086,553</u>	<u>(60,246)</u>	<u>-</u>	<u>1,026,307</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,100,353</u>	<u>(60,246)</u>	<u>-</u>	<u>1,040,107</u>

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Water rights	\$ 3,310,732	-	-	3,310,732
Land	400,000	-	-	400,000
Land easements	136,129	-	-	136,129
Construction in progress	460,145	-	-	460,145
Total Capital Assets, Not Being Depreciated	4,307,006	-	-	4,307,006
Depreciable/amortizable capital assets:				
Water meters	70,437	-	-	70,437
Dam projects	1,774,276	-	-	1,774,276
Equipment	2,127	-	-	2,127
Water system	5,045,993	44,285	-	5,090,278
Water tank	706,914	-	-	706,914
Wells	491,909	-	-	491,909
Sewer collection system	1,409,204	-	(28,102)	1,381,102
Right-to-use leased assets	91,261	-	-	91,261
Total depreciable/amortizable capital assets	9,592,121	44,285	(28,102)	9,608,304
Less accumulated depreciation/amortization for:				
Water meters	(70,437)	-	-	(70,437)
Dam projects	(1,420,857)	(53,766)	-	(1,474,623)
Equipment	(2,127)	-	-	(2,127)
Water system	(3,238,596)	(154,859)	-	(3,393,455)
Water tank	(448,959)	(21,420)	-	(470,379)
Wells	(147,785)	(14,906)	-	(162,691)
Sewer collection system	(1,106,625)	(10,166)	22,089	(1,094,702)
Right-to-use leased assets	(7,337)	(17,449)	-	(24,786)
Total accumulated depreciation/amortization	(6,442,723)	(272,566)	22,089	(6,693,200)
Total depreciable/amortizable capital assets, net	3,149,398	(228,281)	(6,013)	2,915,104
Business-type Activities Capital Assets, Net	\$ 7,456,404	(228,281)	(6,013)	7,222,110

Governmental fund depreciation and amortization expense was charged to functions of the District as follows:

	Depreciation Expense
Governmental activities:	
General government	\$ 11,156
Public works	67,270
Total depreciation expense - governmental activities	\$ 78,426

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

The District operates and receives user and availability of service fees for the water systems. The District owns, but does not operate the sewer collection system and does not receive any related sewer revenues. The District maintains the sewer collection system and incurred depreciation and amortization expenses of \$10,166 for the year ended December 31, 2023. The sewer plant and collection system is operated by East River Regional Sanitation District. The District does not charge East River Regional Sanitation District any fee for the use of its sewer collection system.

E. Long-term Liabilities – Governmental Activities

The District has the following long-term debt outstanding for governmental activities:

1. General Obligation Refunding and Improvement Bonds, Series 2010

On June 10, 2010, the District issued General Obligation Refunding and Improvement Bonds, Series 2010 in the amount of \$3,765,000. \$1,490,000 of bond proceeds was used to refund the outstanding balance of the General Obligation (Limited Tax) Refunding Bonds, Series 2003; the proceeds were applied immediately to redeem the old debt. \$2,275,000 of bond proceeds was used to finance extensions and improvements to the water system purchase water rights, and the construction of associated structures of the District. The present value savings on the bond refunding was \$265,212.

The District's debt service requirements, for the bonds, to maturity at December 31, 2023, are as follows:

Year	Principal	Interest	Total
2024	\$ 215,000	60,694	275,694
2025	225,000	52,094	277,094
2026	230,000	43,094	273,094
2027	240,000	33,031	273,031
2028	250,000	22,531	272,531
2029	265,000	11,593	276,593
Total debt	1,425,000	223,037	1,648,037
	(6,466)	Less: Unamortized bond discount and premium - net	
	\$ 1,418,534	Total Debt	

2. Debt Requirements

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

**Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)**

III. Detailed Notes on All Funds (continued)

F. Long-term Liabilities – Business-Type Activities

1. Lease Payable

In January 2022, the District entered into a lease agreement for equipment and monitoring services for the District. The non-cancellable lease expires in August 2027. Under the terms of the lease, the District is to monthly pay a base rental fee.

The lease liability is measured using an estimated incremental borrowing rate of 2.66%.

During 2023, the District recorded principal reduction of \$17,449 against the lease payable and incurred \$2,021 in interest expense, in respect of the lease.

At December 31, 2023, the District's liability for lease payments was \$83,925. The value of the right-to-use asset at December 31, 2023 was \$91,261, with accumulated amortization of \$24,786.

The following is a schedule of future principal and interest lease payments due under the terms of the Ground Lease, absent future adjustments for inflation, at December 31, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,919	\$ 1,551	\$ 19,470
2025	18,402	1,068	19,470
2026	18,897	573	19,470
2027	11,257	100	11,357
Total lease payable	\$ 66,475	\$ 3,292	\$ 69,767

G. Long-term Liabilities – Changes in Long-term Debt

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance (Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Refunding and Improvement Bonds Series 2010	\$ 1,630,000	-	(205,000)	1,425,000	215,000
Total Governmental Activities	\$ 1,630,000	-	(205,000)	1,425,000	215,000
Business-type Activities:					
Lease	\$ 83,924	-	(17,449)	66,475	17,919
Total Governmental Activities	\$ 83,924	-	(17,449)	66,475	17,919

Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Other Information

A. District Management

The management of the District is primarily accomplished through an elected Board of Directors which oversees administration, operations, and maintenance functions.

B. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

C. Contingencies - Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2023.

D. Section 401(a) Retirement Plan

The District offers its employees a retirement savings plan created in accordance with Internal Revenue Code Section 401(a) (the "Plan"). The Plan is administered and invested by Colorado Retirement Association ("CRA"). The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The District Manager has authorized and has the ability to amend the following benefit terms. Employees of the District, who work at least 12 months per year and 24 hour per week, with 12 months of continuous service, are eligible to participate in the Plan. All participants make required contributions equal to 5% of compensation, as defined in the Plan, and the District makes a matching contribution of 5%. Employee contributions are vested upon contribution. The District's contributions vest 25% after two years, and the vesting percentage increase 25% each year after that, and become fully vested after five years.

Effective in April 2022, the District makes matching contributions, up to 7%, into the Plan for employees who make elective contributions to the IRC Section 457 deferred compensation plan. The District's contributions vest 25% after two years, and the vesting percentage increase 25% each year after that, and become fully vested after five years.

The District's 2023 covered payroll was \$196,417 and, during 2023, the District's required and actual contributions amounted to \$22,868. No forfeited contributions were used to reduce the District's contributions. Participants' required and actual contributions for 2023 amounted to \$9,821.

As of December 31, 2023, there were no outstanding contribution liabilities.

**Skyland Metropolitan District
Notes to the Financial Statements
December 31, 2023
(Continued)**

IV. Other Information (continued)

E. Section 457 Deferred Compensation Plan

The District has adopted an IRC Section 457 deferred compensation plan administered by CRA. Participants may defer up to the lesser of \$22,500 or 100% of the participant's includable compensation. The District has elected not to make employer contributions under the plan. Participants over age 50 are eligible to contribute more than the \$22,500 limit due to a catch up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

F. Restatements of Net Positions

The District has restated beginning net position for 2023 as follows:

	12/31/22	Error Correction	
	As Previously	Increase /	12/31/22
	Reported	Decrease	As Restated
Government-Wide:			
Business-type activities	\$ 7,672,142	-	7,672,142
Total Government-Wide	<u>\$ 7,672,142</u>	<u>-</u>	<u>7,672,142</u>
Proprietary Fund			
Water and Sewer Fund	\$ 7,672,142	-	7,672,142
Total Proprietary Funds	<u>\$ 7,672,142</u>	<u>-</u>	<u>7,672,142</u>

Business-type Activities:

A \$0 change to the Water and Sewer Fund's beginning net position was to reflect an addition of right-of-use leased equipment and monitoring services and related accumulated amortization of \$91,261 and \$7,336, respectively, and a lease payable of \$83,925.

REQUIRED SUPPLEMENTARY INFORMATION

Skyland Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
With Reconciliation to GAAP Basis
General Fund
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for 2022)

	2023			Final Budget Variance Positive (Negative)	2022
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	464,277	464,277	463,838	(439)	465,187
Specific ownership taxes	45,500	45,500	39,835	(5,665)	44,339
Total Taxes	<u>509,777</u>	<u>509,777</u>	<u>503,673</u>	<u>(6,104)</u>	<u>509,526</u>
Other:					
Management fees	60,000	60,000	60,000	-	50,000
Capital improvement fees	-	-	-	-	15,000
Interest	1,000	1,000	1,769	769	1,617
Miscellaneous	950	950	915	(35)	1,538
Total Other	<u>61,950</u>	<u>61,950</u>	<u>62,684</u>	<u>734</u>	<u>68,155</u>
Total Revenues	<u>571,727</u>	<u>571,727</u>	<u>566,357</u>	<u>(5,370)</u>	<u>577,681</u>
Expenditures:					
General Government:					
Administrative wages and benefits	225,000	235,000	227,483	7,517	193,276
Accounting and auditing	12,000	12,300	12,280	20	11,755
Directors' fees	7,000	7,000	4,300	2,700	4,700
Legal fees	40,000	25,000	17,440	7,560	14,514
Insurance	20,000	20,500	19,962	538	17,802
Telephone	1,500	2,800	2,728	72	2,162
Office supplies	9,000	9,000	6,622	2,378	13,041
Training and education	2,000	2,000	-	2,000	-
Other	3,800	3,800	2,718	1,082	4,137
Truck expense	4,000	4,000	3,985	15	3,067
Treasurer's fees	14,028	14,028	13,950	78	13,986
Total General Government	<u>338,328</u>	<u>335,428</u>	<u>311,468</u>	<u>23,960</u>	<u>278,440</u>
Highways and Streets:					
Snowplowing	60,000	60,000	38,225	21,775	31,779
Maintenance - General	50,000	55,000	54,747	253	97,691
Maintenance - Landscaping	17,000	25,000	23,280	1,720	19,320
Capital outlay:					
Signs	1,000	1,500	1,147	353	-
Open space	50,000	5,000	3,157	1,843	3,100
Equipment	60,000	25,000	22,680	2,320	-
Total Highways and Streets	<u>238,000</u>	<u>171,500</u>	<u>143,236</u>	<u>28,264</u>	<u>151,890</u>
Total Expenditures	<u>576,328</u>	<u>506,928</u>	<u>454,704</u>	<u>52,224</u>	<u>430,330</u>
Net Change in Fund Balance	(4,601)	64,799	111,653	46,854	147,351
Fund Balance - Beginning	<u>1,863,444</u>	<u>1,863,445</u>	<u>1,863,445</u>	<u>-</u>	<u>1,716,094</u>
Fund Balance - Ending	<u>1,858,843</u>	<u>1,928,244</u>	<u>1,975,098</u>	<u>46,854</u>	<u>1,863,445</u>

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

SUPPLEMENTARY INFORMATION

Skyland Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
With Reconciliation to GAAP Basis
Debt Service Fund
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for 2022)

	2023			Final Budget Variance Positive (Negative)	2022
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	235,561	235,561	235,345	(216)	236,029
Total Taxes	<u>235,561</u>	<u>235,561</u>	<u>235,345</u>	<u>(216)</u>	<u>236,029</u>
Other:					
Availability of service fees	46,390	46,390	48,083	1,693	54,204
Total Other	<u>46,390</u>	<u>46,390</u>	<u>48,083</u>	<u>1,693</u>	<u>54,204</u>
Total Revenues	<u>281,951</u>	<u>281,951</u>	<u>283,428</u>	<u>1,477</u>	<u>290,233</u>
Expenditures:					
Debt Service:					
Principal	205,000	205,000	205,000	-	200,000
Interest	68,894	68,894	68,894	-	76,894
Trustee fees	200	200	200	-	200
Treasurer's fees	7,167	7,167	7,078	89	7,096
Total Expenditures	<u>281,261</u>	<u>281,261</u>	<u>281,172</u>	<u>89</u>	<u>284,190</u>
Net Change in Fund Balance	690	690	2,256	1,566	6,043
Fund Balance - Beginning	<u>3,456</u>	<u>3,455</u>	<u>3,455</u>	<u>-</u>	<u>(2,588)</u>
Fund Balance - Ending	<u><u>4,836</u></u>	<u><u>4,835</u></u>	<u><u>5,711</u></u>	<u><u>3,132</u></u>	<u><u>3,455</u></u>

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

Skyland Metropolitan District
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Fund Type - Water and Sewer Fund
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for 2022)

	<u>2023</u>			<u>Final Budget</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>(as restated)</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
Revenues:					
User fees	200,010	220,000	248,153	28,153	223,657
Interest - Customers	500	500	404	(96)	302
Tap fees	56,328	60,314	129,906	69,592	152,171
Water tank tap fee	-	-	85,909	85,909	-
Other	500	500	165	(335)	11,702
Water meter revenue	2,000	3,406	3,784	378	2,649
Interest income	20,000	150,000	177,332	27,332	47,903
Total Revenues	<u>279,338</u>	<u>434,720</u>	<u>645,653</u>	<u>210,933</u>	<u>438,384</u>
Expenditures:					
Repair and maintenance - Water and sewer	80,000	85,000	33,886	51,114	48,895
Repair and maintenance - Equipment	500	500	372	128	155
Dam and lake maintenance	20,000	20,000	17,213	2,787	7,752
Capital engineering	170,000	2,000	900	1,100	10,212
Operational engineering	20,000	5,000	2,908	2,092	1,703
Legal fees	10,000	10,000	1,562	8,438	7,042
Utilities	30,000	32,000	33,644	(1,644)	32,864
Miscellaneous	1,000	1,300	7,377	(6,077)	1,179
Supplies and chemicals	3,000	6,000	4,553	1,447	2,401
Waste and water tests	3,000	3,000	2,457	543	1,052
Travel and education	5,000	1,000	35	965	813
Wages and benefits	75,000	83,000	82,445	555	64,891
Water meter expense	7,000	7,000	-	7,000	-
Capital outlay	100,000	60,000	44,285	15,715	4,970
Principal	-	-	17,449	(17,449)	-
Interest	-	-	2,021	(2,021)	-
Total Expenditures	<u>524,500</u>	<u>315,800</u>	<u>251,107</u>	<u>64,693</u>	<u>183,929</u>
Net Change in Net Position	<u>(245,162)</u>	<u>118,920</u>	<u>394,546</u>	<u>275,626</u>	<u>254,455</u>
Reconciliation to GAAP Basis:					
Water tank fees			(85,909)		-
Depreciation and amortization			(272,568)		(265,965)
Capital additions			44,285		-
Lease principal payment			17,449		-
Change in Net Position - GAAP Basis			<u>97,803</u>		<u>(11,510)</u>

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

STATISTICAL TABLES

Table II
History of District's Assessed Valuation

Levy/Collection	Assessed Valuation	Percent Change
Year		
2014/2015	\$19,247,630	0.29%
2015/2016	\$23,579,320	22.51%
2016/2017	\$23,539,870	-0.17%
2017/2018	\$23,293,390	-1.05%
2018/2019	\$23,435,700	0.61%
2019/2020	\$28,786,870	22.83%
2020/2021	\$28,889,610	0.36%
2021/2022	\$36,086,550	24.91%
2022/2023	\$36,029,580	-0.16%
2023/2024	\$56,835,790	57.75%

Table III
History of District's Mill Levy

Levy/Collection	General	Bond	
Year	Revenue	Redemption	Total
2014/2015	23.749	12.295	36.044
2015/2016	19.673	9.021	28.694
2016/2017	19.483	9.211	28.694
2017/2018	19.068	9.626	28.694
2018/2019	20.322	8.372	28.694
2019/2020	16.564	7.791	24.355
2020/2021	13.948	10.407	24.355
2021/2022	12.886	6.538	19.424
2022/2023	12.886	6.538	19.424
2023/2024	10.293	4.046	14.339

Table IV
Property Tax Collections for the District

Levy/Collection	Taxes Levied	Taxes Collected	Total Collections as a Percentage of Taxes Levied
Year			
2013/2014	\$691,775	\$691,776	100.00
2014/2015	\$693,761	\$693,761	100.00
2015/2016	\$676,584	\$676,586	100.00
2016/2017	\$675,452	\$675,034	99.94
2017/2018	\$668,380	\$668,381	100.00
2018/2019	\$672,463	\$672,464	100.00
2019/2020	\$701,087	\$701,087	100.00
2020/2021	\$703,606	\$703,606	100.00
2021/2022	\$700,944	\$701,216	100.04
2022/2023	\$699,838	\$699,592	99.96

TABLE VII
General Fund Comparative Statement of Revenue, Expenditures, and Changes in Fund Balance
Years Ended December 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 478,916	\$ 457,119	\$ 463,867	\$ 457,346	\$ 444,139	\$ 476,239	\$ 476,809	\$ 402,955	\$ 465,187	\$ 463,838
Specific ownership taxes	41,530	41,123	39,076	45,487	45,683	50,438	46,024	48,174	44,339	39,835
Management fees	37,500	37,500	39,792	40,000	40,000	40,000	40,000	40,000	50,000	60,000
Capital Improvement fees	-	-	-	-	7,500	-	-	79,000	15,000	-
Other	4,879	2,688	1,892	2,428	2,064	4,282	53,011	46,709	3,155	2,684
Total Revenues	<u>562,825</u>	<u>538,430</u>	<u>544,627</u>	<u>545,261</u>	<u>539,386</u>	<u>570,959</u>	<u>615,844</u>	<u>616,838</u>	<u>577,681</u>	<u>566,357</u>
Expenditures										
General government	224,989	228,323	220,104	247,430	216,819	264,413	350,775	240,977	278,440	311,468
Highways and streets	100,923	308,919	237,306	242,583	422,011	120,590	117,380	338,138	151,890	143,236
Total Expenditures	<u>325,912</u>	<u>537,242</u>	<u>457,410</u>	<u>490,013</u>	<u>638,830</u>	<u>385,003</u>	<u>468,155</u>	<u>579,115</u>	<u>430,330</u>	<u>454,704</u>
Net Change in Fund Balance	236,913	1,188	87,217	55,248	(99,444)	185,956	147,689	37,723	147,351	111,653
Fund Balance-Beginning	<u>1,063,604</u>	<u>1,300,517</u>	<u>1,301,705</u>	<u>1,388,922</u>	<u>1,444,170</u>	<u>1,344,726</u>	<u>1,530,682</u>	<u>1,678,371</u>	<u>1,716,094</u>	<u>1,863,445</u>
Fund Balance-Ending	<u>\$ 1,300,517</u>	<u>\$ 1,301,705</u>	<u>\$ 1,388,922</u>	<u>\$ 1,444,170</u>	<u>\$ 1,344,726</u>	<u>\$ 1,530,682</u>	<u>\$ 1,678,371</u>	<u>\$ 1,716,094</u>	<u>\$ 1,863,445</u>	<u>\$ 1,975,098</u>

Sources: District Audited Financial Reports 2014 - 2023

TABLE VIII
Enterprise Fund Comparative Statement of Revenue, Expenses, and Changes in Net Position
Years Ended December 31

	2015	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues										
Service fees	\$ 193,673	\$ 189,657	\$ 194,149	\$ 200,816	\$ 212,023	\$ 212,643	\$ 217,917	\$ 218,836	\$ 223,657	\$ 248,153
Other	3,282	5,104	1,333	1,970	4,137	3,382	11,209	1,843	14,653	4,353
Total Operating Revenues	<u>196,955</u>	<u>194,761</u>	<u>195,482</u>	<u>202,786</u>	<u>216,160</u>	<u>216,025</u>	<u>229,126</u>	<u>220,679</u>	<u>238,310</u>	<u>252,506</u>
Operating Expenses										
Repair and maintenance	51,210	43,330	31,408	21,966	25,946	18,677	33,729	55,355	49,050	34,259
Dam and lake maintenance	10,889	8,766	3,637	5,687	907	3,448	1,983	2,751	7,752	17,213
Capital engineering	-	-	-	-	-	-	-	-	10,212	900
Operational engineering	4,049	55	11,493	20,322	11,305	30,430	100,047	8,618	1,703	2,908
Legal	62,375	53,094	37,649	22,445	9,129	9,903	1,739	645	7,042	1,562
Utilities	25,289	21,585	28,915	24,511	24,629	26,499	25,861	29,010	32,864	33,644
Depreciation	251,759	258,850	263,814	265,768	268,126	269,351	269,755	278,434	265,965	272,567
Utility credit	-	-	-	-	-	-	45,000	-	-	-
Miscellaneous	514	517	282	576	535	522	633	461	1,179	7,377
Supplies and chemicals	1,251	1,380	464	1,879	833	823	1,951	2,027	2,401	4,553
Waste and water tests	1,960	1,146	1,048	3,833	2,877	1,191	3,036	2,181	1,052	2,457
Travel and education	331	1,568	170	194	2,069	1,456	335	916	813	35
Bad debts (recovery)	(10,070)	(5,428)	-	-	-	-	-	-	-	-
Wages and benefits	42,407	44,257	45,531	47,657	49,477	50,404	50,541	54,279	64,891	82,445
Water meter expense	673	840	2,922	-	4,169	5,906	-	6,516	-	-
Capital outlay	-	-	-	-	-	-	-	-	4,970	-
Total Operating Expenses	<u>442,637</u>	<u>429,960</u>	<u>427,333</u>	<u>414,838</u>	<u>400,002</u>	<u>418,610</u>	<u>534,610</u>	<u>441,193</u>	<u>449,894</u>	<u>459,920</u>
Operating Loss	(245,682)	(235,199)	(231,851)	(212,052)	(183,842)	(202,585)	(305,484)	(220,514)	(211,584)	(207,414)
Non-Operating Revenues (Expenses)										
Interest income	1,956	3,103	9,564	14,608	37,184	60,372	20,759	1,171	47,903	177,332
Interest expense	-	-	-	-	-	-	-	-	-	(2,021)
Net Non-Operating Revenues	<u>1,956</u>	<u>3,103</u>	<u>9,564</u>	<u>14,608</u>	<u>37,184</u>	<u>60,372</u>	<u>20,759</u>	<u>1,171</u>	<u>47,903</u>	<u>175,311</u>
Loss Before Contributions and Transfers	(243,726)	(232,096)	(222,287)	(197,444)	(146,658)	(142,213)	(284,725)	(219,343)	(163,681)	(32,103)
Capital contributions	-	-	-	-	-	-	-	650,000	-	-
Tap fees	37,466	40,828	102,069	141,041	167,022	208,778	153,104	299,712	152,171	129,906
Change in Net Position	(206,260)	(191,268)	(120,218)	(56,403)	20,364	66,565	(131,621)	730,369	(11,510)	97,803
Total Net Position-Beginning	<u>7,572,124</u>	<u>7,365,864</u>	<u>7,174,596</u>	<u>7,054,378</u>	<u>6,997,975</u>	<u>7,018,339</u>	<u>7,084,904</u>	<u>6,953,283</u>	<u>7,683,652</u>	<u>7,672,142</u>
Total Net Position-Ending	<u>\$ 7,365,864</u>	<u>\$ 7,174,596</u>	<u>\$ 7,054,378</u>	<u>\$ 6,997,975</u>	<u>\$ 7,018,339</u>	<u>\$ 7,084,904</u>	<u>\$ 6,953,283</u>	<u>\$ 7,683,652</u>	<u>\$ 7,672,142</u>	<u>\$ 7,769,945</u>

Sources: District Audited Financial Reports 2014 - 2023