

**SERRATOGA FALLS METROPOLITAN
DISTRICT NO.3**

TOWN OF TIMNATH, COLORADO

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2023



Crady, Puca & Associates

Certified Public Accountants & Consultants

**SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3
TOWN OF TIMNATH, COLORADO**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Serratoga Falls Metropolitan District No. 3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Serratoga Falls Metropolitan District No. 3 as of and for the year ended December 31, 2023, and related notes to the financial statements, which collectively comprise Serratoga Falls Metropolitan District No. 3's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Serratoga Falls Metropolitan District No. 3 as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Special Revenue Funds 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 Serratoga Falls Metropolitan District No. 3, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Serratoga Falls Metropolitan District No. 3'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 Serratoga Falls Metropolitan District No. 3'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 Serratoga Falls Metropolitan District No. 3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Serratoga Falls Metropolitan District No. 3's basic financial statements. The individual fund budgetary comparison schedule on page 23 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Crady, Puca & Associates

Aurora, Colorado
February 11, 2025

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Serratoga Falls Metropolitan District No. 3
Statement of Net Position
December 31, 2023

	Total Governmental Activities
Assets:	
Cash and investments	\$ 97,518
Cash and investments - restricted	65,692
Due from county treasurer	19,869
Homeowner receivables	29,358
Property tax receivable	723,694
Other assets	1,200
Capital assets depreciated, net	5,080,635
Total assets	6,017,966
Liabilities:	
Accounts payable	21,636
Due to other governments	53,240
Accrued interest	2,481,544
Bonds and notes payable:	
Due within one year	-
Due in more than one year	15,537,000
Total liabilities	18,093,420
Deferred inflows of resources:	
Unavailable revenue - prepaid assessments	3,565
Unavailable revenue - property tax	723,694
Total deferred inflows of resources	727,259
Net position:	
Net investment in capital assets	-
Restricted for emergencies	14,573
Restricted for debt	24,937
Unrestricted	(12,842,223)
Total net position	\$ (12,802,713)

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

Serratoga Falls Metropolitan District No. 3
Statement of Activities
For the Year Ended December 31, 2023

	Total Governmental Activities
Expenditures:	
Governmental activities:	
Management and accounting services	\$ 49,200
Legal and audit	40,437
Design review fees	600
Insurance	12,916
Electric	1,936
Landscape contract and maintenance	205,292
Irrigation system and utility locates	59,053
Office and administration	1,875
Bad debt expense	1,050
Bank and trustee fees	700
Treasurer fees	8,722
Intergovernmental fees	3,199
Depreciation expense	305,100
Interest expense	972,090
Total expenditures	<u>1,662,170</u>
Program Revenues:	
Irrigation water fees	113,486
Landscape fees	255,920
Fines and fees	2,300
Total program revenues	<u>371,706</u>
Net program income (expense)	<u>(1,290,464)</u>
General Revenues:	
Property tax revenue	435,628
Specific ownership tax	31,354
Intergovernmental revenues	7,344
Contributed capital	2,472,145
Interest income	13,690
Total general revenues	<u>2,960,161</u>
Change in net position	<u>1,669,697</u>
Net position, beginning of year	<u>(14,472,410)</u>
Net position, end of year	<u>\$ (12,802,713)</u>

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

FUND FINANCIAL STATEMENTS

Serratoga Falls Metropolitan District No. 3
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Special Revenue Fund- Water	Special Revenue Fund- Landscape	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and investments	\$ 34,679	\$ 62,839	\$ -	\$ -	\$ 97,518
Cash and investments - restricted	-	-	58,692	7,000	65,692
Due from county treasurer	1,932	-	-	17,937	19,869
Homeowner receivables	3,970	11,687	13,701	-	29,358
Property tax receivable	131,221	-	-	592,473	723,694
Due from other funds	50	30,000	-	-	30,050
Other assets	-	-	1,200	-	1,200
Total assets	\$ 171,852	\$ 104,526	\$ 73,593	\$ 617,410	\$ 967,381
Liabilities:					
Accounts payable	\$ 15,280	\$ 4,623	\$ 1,733	\$ -	\$ 21,636
Due to other governments	3,199	50,041	-	-	53,240
Due to other funds	-	-	30,050	-	30,050
Total liabilities	18,479	54,664	31,783	-	104,926
Deferred inflows of resources					
Unavailable revenue - prepaid assessments	15.00	-	3,550	-	3,565
Unavailable revenue - property tax	131,221	-	-	592,473	723,694
Total deferred inflows of resources	131,236	-	3,550	592,473	727,259
Fund balance:					
Restricted for emergencies	3,395	3,500	7,678	-	14,573
Restricted for debt service	-	-	-	24,937	24,937
Restricted for special revenue fund	-	-	30,582	-	30,582
Committed for special revenue fund	-	46,362	-	-	46,362
Unassigned	18,742	-	-	-	18,742
Total fund balance	22,137	49,862	38,260	24,937	135,196
Total liabilities, deferred inflows of resources, and fund balance	\$ 171,852	\$ 104,526	\$ 73,593	\$ 617,410	\$ 967,381

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

Total fund balance - governmental funds	\$ 135,196
Capital assets used governmental activities are not financial resources and therefore, are not reported in the funds.	5,080,635
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(18,018,544)</u>
Net position of governmental activities	<u>\$ (12,802,713)</u>

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

Serratoga Falls Metropolitan District No. 3
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Special Revenue Fund- Water	Special Revenue Fund- Landscape	Debt Service Fund	Total Governmental Funds
Revenues:					
Property tax	\$ 87,127	\$ -	\$ -	\$ 348,501	\$ 435,628
Specific ownership tax	6,271	-	-	25,083	31,354
Irrigation water fees	-	113,486	-	-	113,486
Landscape fees	-	-	255,920	-	255,920
Fines and fees	2,300	-	-	-	2,300
Intergovernmental revenue	4,150	3,194	-	-	7,344
Interest income	13,309	-	-	381	13,690
Total revenues	113,157	116,680	255,920	373,965	859,722
Expenditures:					
Current:					
General government:					
Management and accounting services	41,700	7,500	-	-	49,200
Legal and audit	40,437	-	-	-	40,437
Design review fees	600	-	-	-	600
Insurance	3,048	-	9,868	-	12,916
Electric	-	-	1,936	-	1,936
Landscape contract and maintenance	-	-	205,292	-	205,292
Irrigation system	-	52,733	-	-	52,733
Utility locates	491	5,829	-	-	6,320
Office and administration	555	756	564	-	1,875
Bad debt expense	1,050	-	-	-	1,050
Bank and trustee fees	-	-	-	700	700
Treasurer fees	1,744	-	-	6,978	8,722
Intergovernmental fees	3,199	-	-	-	3,199
Debt Service:					
Interest	-	-	-	358,326	358,326
Total expenditures	92,824	66,818	217,660	366,004	743,306
Net change in fund balance	20,333	49,862	38,260	7,961	116,416
Fund balance, beginning of year	1,804	-	-	16,976	18,780
Fund balance, end of year	\$ 22,137	\$ 49,862	\$ 38,260	\$ 24,937	\$ 135,196

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

Serratoga Falls Metropolitan District No. 3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

	Total Governmental Funds
	<hr/>
Net change in fund balance of the governmental funds	\$ 116,416
Amounts reported for governmental activities in the statement of activities are different because:	
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 or ultimately conveyed to other governmental entities.	(305,100)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.	2,472,145
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 the governmental funds.	<hr/> (613,764)
Change in net position of governmental activities	<hr/><hr/>\$ 1,669,697

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

Serratoga Falls Metropolitan District No. 3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Property tax	\$ 87,053	\$ 87,127	\$ 74
Specific ownership tax	5,223	6,271	1,048
Fines and fees	1,000	2,300	1,300
District operation fees	250,000	-	(250,000)
Intergovernmental revenue	-	4,150	4,150
Interest income	-	13,309	13,309
Total revenues	343,276	113,157	(230,119)
Expenditures:			
Current:			
General government:			
Management and accounting services	41,700	41,700	-
Legal and audit	37,500	40,437	(2,937)
Election	7,500	-	7,500
Design review fees	1,000	600	400
Insurance	6,000	3,048	2,952
Electric	2,500	-	2,500
Landscape contract and maintenance	203,000	-	203,000
Utility locates	-	491	(491)
Office and administration	927	555	372
Bad debt expense	-	1,050	(1,050)
Treasurer fees	1,741	1,744	(3)
Intergovernmental fees	3,500	3,199	301
Contingency	1,000	-	1,000
Total expenditures	306,368	92,824	213,544
Excess of revenues over (under) expenditures	36,908	20,333	(16,575)
Other financing sources (uses):			
Transfers	(30,000)	-	(30,000)
Total other financing sources (uses)	(30,000)	-	(30,000)
Net change in fund balance	6,908	20,333	13,425
Fund balance, beginning of year	1,804	1,804	-
Fund balance, end of year	\$ 8,712	\$ 22,137	\$ 13,425

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

Serratoga Falls Metropolitan District No. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - Water
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Irrigation water fees	\$ 113,868	\$ 113,486	\$ (382)
Intergovernmental revenue	-	3,194	3,194
Total revenues	<u>113,868</u>	<u>116,680</u>	<u>2,812</u>
Expenditures:			
Current:			
General government:			
Management and accounting services	7,500	7,500	-
Electric	12,000	-	12,000
Irrigation system	20,326	52,733	(32,407)
Utility locates	3,000	5,829	(2,829)
Office and administration	-	756	(756)
Intergovernmental fees	34,125	-	34,125
Contingency	7,500	-	7,500
Total expenditures	<u>84,451</u>	<u>66,818</u>	<u>17,633</u>
Net change in fund balance	29,417	49,862	20,445
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ 29,417</u>	<u>49,862</u>	<u>\$ 20,445</u>

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

Serratoga Falls Metropolitan District No. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - Landscape
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Landscape fees	\$ -	\$ 255,920	\$ 255,920	\$ -
Total revenues	<u>-</u>	<u>255,920</u>	<u>255,920</u>	<u>-</u>
Expenditures:				
Current:				
General government:				
Insurance	-	9,868	9,868	-
Electric	-	1,700	1,936	(236)
Landscape contract	-	208,670	205,292	3,378
Office and administration	-	750	564	186
Bad debt expense	-	10,237	-	10,237
Total expenditures	<u>-</u>	<u>231,225</u>	<u>217,660</u>	<u>13,565</u>
Net change in fund balance	<u>-</u>	<u>24,695</u>	<u>38,260</u>	<u>13,565</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 24,695</u>	<u>\$ 38,260</u>	<u>\$ 13,565</u>

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

NOTES TO FINANCIAL STATEMENTS

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

The accounting policies of the Serratoga Falls Metropolitan District No. 3 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District was formed in May 2006, under State of Colorado Statutes as a quasi-municipal corporation and is governed by a five-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 32, Article I, Colorado Revised Statutes). The District was organized concurrently with Serratoga Falls Metropolitan Districts No. 1 and 2 (District Nos. 1-2), collectively referred to as the Districts. The Districts' service area is located in Larimer County, Colorado. The Districts were formed to provide public improvements to be dedicated to the Town of Timnath (Town), Colorado or other governmental entities or retained by the Districts for the use and benefit of the residents and visitors of the Districts.

The District, along with District No. 2, were originally established as the financing districts with District No. 1 established as the operating district. In April 2016, District No. 2 amended and restated, in part, the original service plan with an Amended and Restated Service Plan, and District No. 1 and No. 2 entered into an Intergovernmental Agreement under which District No. 1 shall no longer be responsible to operate and maintain services for District No. 2.

Also, in April 2016, the Town approved an Amendment to the Amended and Restated Service Plan (2021 Amended Service Plan) between the District and District No. 1. Under the 2021 Amended Service Plan, as the financing district, the District was established to provide funding for financing the construction, operation and maintenance of certain public improvements. District No. 1, as the operating district, was established to organize, finance, construct, own, manage and operate the public improvements for the service area. In May 2023, the District and District No. 3 entered into an Amended and Restated Inter-District Intergovernmental Agreement (Amended IGA) to amend and restate in their entirety the original 2015 Inter-District Intergovernmental Agreement and 2022 Memorandum of Understanding. Under the Amended IGA, the District and District No. 1 shall be individually responsible for design, acquisition, installation, construction, relocation, funding, financing, operation and maintenance of public improvements within each respective District except as outlined in the agreement.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity as defined by GASB.

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

1. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period with the exception of irrigation water fees and fines and operation fees. Irrigation water fees and fines and operation fees are recognized when the fee is billed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

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

1. **Summary of Significant Accounting Policies (continued)**

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

Special Revenue Fund – Water - accounts for committed fees received from homeowners and other governmental entities for the non-potable irrigation system required to be used for the operation and maintenance of the irrigation system and ground maintenance or any other budgeted general fund expense.

Special Revenue Fund – Landscape - accounts for restricted fees received from homeowners to be used for the operation of trails, parks, open space, landscaping and related public services and facilities owned and operated and/or maintained by the District.

Debt Service Fund – accounts for all financial resources that are restricted, committed or assigned to expenditures for debt service.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at yearend are reported as due to/from other funds. Further, certain activity during the year involving transfers of resources between funds are reported at gross amounts as transfers in/(out). As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Deposits and Investments

Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

Fair Value

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

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies (continued)

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

Receivables

Accounts receivable-homeowners consist of homeowner irrigation, operation and other miscellaneous fees due at December 31, 2023. The District considers all accounts receivable-homeowners collectible at December 31, 2023.

Property Taxes

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

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

Capital Assets

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

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the following estimated useful life of the assets of 15 years for parks and recreation and 20 years for non-potable water systems.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

1. Summary of Significant Accounting Policies (continued)

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

Deferred Outflows/Inflows of Resources (continued)

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

Long-Term Obligations

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

Fund Balance

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

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

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

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

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2023, the District has not adopted a policy designating District personnel to determine amounts that may be assigned.

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

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

1. Summary of Significant Accounting Policies (continued)

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

Net Position

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

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds. The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

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

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

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

The budget and the appropriating resolution are adopted prior to December 15.

2. Stewardship, Compliance, and Accountability (continued)

Budgets and Budgetary Accounting (continued)

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

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

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2023 year-end fund balance in the General Fund and Special Revenue Funds for emergencies as required under TABOR totaling \$14,573, which is the approximate required reserve as of December 31, 2023.

On May 2, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

3. Detailed Notes on the Funds

Deposits and Investments

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

Cash and investments	\$ 97,518
Cash and investments - restricted	<u>65,692</u>
	<u>\$ 163,210</u>

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2023

3. Detailed Notes on the Funds (continued)

Deposits and Investments (continued)

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

<u>Type</u>	<u>Ratings per S & P Global</u>	<u>Total as of December 31, 2023</u>
Deposits with financial institutions		\$ 59,377
COLOTRUST PLUS+	AAAm	103,833
Total		<u>\$ 163,210</u>

Cash Deposits

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

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

Investments

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

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

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

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2023

3. Detailed Notes on the Funds (continued)

Investments (continued)

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

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

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

- Certain money market funds
- Local government investment pool

Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Non-potable water system	\$ -	\$ 2,472,145	\$ -	\$ 2,472,145
Landscaping & Parks	3,340,422	-	-	3,340,422
Capital assets being depreciated	<u>3,340,422</u>	<u>2,472,145</u>	<u>-</u>	<u>5,812,567</u>
Less accumulated depreciation:				
Non-potable water system	-	(82,405)	-	(82,405)
Landscaping & Parks	(426,832)	(222,695)	-	(649,527)
Total accumulated depreciation	<u>(426,832)</u>	<u>(305,100)</u>	<u>-</u>	<u>(731,932)</u>
Capital assets being depreciated, net	<u>2,913,590</u>	<u>2,167,045</u>	<u>-</u>	<u>5,080,635</u>
Capital assets, net	<u>\$ 2,913,590</u>	<u>\$ 2,167,045</u>	<u>\$ -</u>	<u>\$ 5,080,635</u>

Depreciation expense of \$305,100 was charged to general government.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2023

3. Detailed Notes on the Funds (continued)

Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Placement and direct borrowings:					
Series 2021 Subordinate Bonds	11,550,000	-	-	11,550,000	-
Series 2021 Junior Lien Bonds	3,987,000	-	-	3,987,000	-
Governmental activities long-term debt	\$ 15,537,000	\$ -	\$ -	\$ 15,537,000	\$ -

Subordinate Limited Tax General Obligation Bonds, Series 2021 and Taxable Junior Lien Limited Tax General Obligation Bonds, Series 2021

On January 26, 2021, the District issued private placement bonds with an affiliate of the Developer. The District issued \$11,550,000 of Subordinate Limited Tax General Obligation Bonds, Series 2021 (“2021 Subordinate Bonds”) and \$3,987,000 of Taxable Junior Lien Limited Tax General Obligation Bonds, Series 2021 (“2021 Junior Bonds”). The 2021 Subordinate and 2021 Junior Bonds were issued for the purpose of financing a portion of public improvements and paying the costs of issuance.

The 2021 Subordinate Bonds bear interest at 6%, calculated on the basis of a 360-day year of twelve 30-day months, payable annually on each December 15, commencing on December 15, 2021, to the extent pledged revenue is available, maturing on December 15, 2058. The 2021 Junior Bonds bear interest at a rate of 7%, calculated on the basis of a 360-day year of twelve 30-day months, payable annually on December 15, commencing on December 15, 2021, to the extent that pledged revenue is available, maturing on December 15, 2058.

The 2021 Subordinate and 2021 Junior Bonds are cash flow bonds and are subject to mandatory sinking fund redemption commencing on December 15, 2021, to the extent of moneys on deposit, if any, in the subordinate or junior bond fund 15 days prior to the applicable interest rate payment date. Amounts shall be applied first to interest and then to principal after accrued interest has been paid.

The 2021 Subordinate and 2021 Junior Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2025, and on any date thereafter, upon payment of principal and accrued interest with redemption premiums ranging from 0% to 2%.

The 2021 Subordinate Bonds are secured by subordinate pledged revenues which include subordinate property tax revenue, net of costs of collection, and other legally available moneys which the District determines, in its sole discretion, to credit the subordinate bond fund. The subordinate mill levy is 40 mills less the senior mill levy or lesser amount to generate sufficient funds to pay bonds. The combined required mill levy shall not be more than 40 mills, adjusted for changes in the method of calculating assessed valuations.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Subordinate Limited Tax General Obligation Bonds, Series 2021 and Taxable Junior Lien Limited Tax General Obligation Bonds, Series 2021 (continued)

Events of default as defined in the bond resolution for the District's 2021 Subordinate and 2021 Junior Bonds include (1) failure by the District to impose the necessary required mill levy or apply the proceeds thereof as required by the bond resolution, (2) default by the District in performance or observance of any other covenants on the part of the District in the bond resolution, and failure to remedy after notice, and (3) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the bond purchase agreement. Failure to pay principal and interest on the bonds when due shall not, of itself, constitute an event of default. Remedies available in the event of default include receivership, suit, action, or special proceedings. The agreement shall terminate December 15, 2058.

Authorized Debt

As of December 31, 2023, the District had total authorized debt of \$200 million of which \$15,999,500 has been issued, leaving an authorized but unissued balance of \$184,000,500, not including \$40 million authorized for refundings and \$20 million in operations and maintenance debt. Under the Service Plan, the District has total authorized debt of \$16,000,000, of which \$15,999,500 has been issued by the District, leaving an authorized but unissued balance of \$500.

4. Agreements

Amended and Restated Advance, Acquisition and Reimbursement Agreement

In January 2021, the District entered into an Amended and Restated Advance, Acquisition, and Reimbursement Agreement (Reimbursement Agreement) with Kitchell Lake Partners, LLC (Developer) for the purpose of memorializing the commitment between the District and Developer related to the funding and repayment of certain costs including but not limited to reimbursable costs. Under the Reimbursement Agreement, the reimbursable costs of public improvements shall be based upon actual costs verified by the Developer and confirmed by the District's engineers.

On January 5, 2021, the District accepted the engineer's cost certification in the amount of \$15,394,000. Under the Reimbursement Agreement, if the District determines that it will not have sufficient funds to pay all or a portion of the anticipated costs of the public improvements or any such management, operating and/or administrative expenses of the District, the District shall estimate the anticipated shortfall and the District shall request Developer funding for such shortfall. Developer advances will incur interest at the rate of 7% per annum commencing on the date of acceptance or the date of each advance. The agreement shall end upon payment in full of the advances and the associated accrued interest or December 31, 2057, whichever date occurs first.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements

December 31, 2023

4. Agreements (continued)

Amended and Restated Advance, Acquisition and Reimbursement Agreement (continued)

It was later determined that the engineer's cost certification included duplicated costs which resulted in a revised cost certification of \$15,406,795. Under the Reimbursement Agreement, the Developer had been reimbursed \$15,394,000 for public improvements. As a result of this, in 2021 it was determined the developer would forgive the difference of \$12,795. No amounts were due to the Developer under this agreement as of December 31, 2023.

Inter-District Intergovernmental Agreement

In 2015, the District and District No. 1 entered into an Inter-District Intergovernmental Agreement (Inter-District IGA) for the purpose of implementation of their service plan. The Inter-District IGA established the operating and financing districts responsibilities noting that District No. 1, as the operating district, owned, operated and maintained all public improvements in the service area. Additionally, the District, as the Financing District, shall assign revenues from all sources to the operating district.

In April 2022, the District and District No. 1 entered into a Memorandum of Understanding (MOU) as a temporary agreement to be replaced by a permanent Amended and Restated Intergovernmental Agreement (Future IGA) to be negotiated by and between the Districts after the May 2022 election.

The MOU was entered into to set forth the basic rights and responsibilities of the District and District No. 1 due to reconfiguration of the Districts as set forth in the Amendment to the Amended and Restated Model Service Plan for District No. 1 and No. 3 (Amended Service Plan).

In May 2023, the District and District No. 1 entered into an Amended and Restated Inter-District Intergovernmental Agreement (Amended IGA) to amend and restate in their entirety the original Inter-District IGA and MOU. Under the Amended IGA, the District and District No. 1 shall be individually responsible for design, acquisition, installation, construction, relocation, funding, financing, operation, and maintenance of public improvements within each respective district except as outlined in the agreement.

Each District will operate and maintain the public improvements it respectively owns. District No. 1 will own and control the non-potable water system. Certain non-potable water system improvements will be owned and maintained by the District. Each District will be responsible for payment of 50% of the annual fee under the Recreational Improvements Agreement between the District and Kitchell Reservoir Company minus any contributions from District No. 2.

In connection with the Amended IGA, in May 2023, the District also entered into an Agreement and Release Agreement with District No. 1 and Kitchel Lake Partners, LLC and Kitchel Lake Development Corporation (collectively the "Developers"). District No. 1, as the operating district, incurred costs associated with the operations of District. As District No. 1 is no longer the operating district for the District, the Developers will pay District No. 1 \$181,980 for expenses incurred by District No. 1 on behalf of the District. This amount shall not be repaid by the District or District No. 1. Upon receipt of the payment from the Developers, the District shall release the Developers of any and all obligations to the District with regard to public improvements and District No. 1 shall release the District with regard to any obligations to reimburse District No. 1 for costs paid on behalf of the District as the operating district.

4. Agreements (continued)

Inter-District Intergovernmental Agreement (continued)

As of December 31, 2023, \$53,240 was due to District No. 1 under this agreement.

5. Risk Management

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

The District pays annual premiums to the Pool for auto, public official's liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2023, the Pool has made no distributions nor required additional contributions from the District.

6. Related Party

During the year, one member of the Board of Directors was associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. The District has a funding agreement with the Developer as noted in Note 4 and as part of the issuance of the 2021 Subordinate and 2021 Junior Bonds, the owners of the private placement bonds are associated with the Developer, see Note 3.

7. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Capital assets of \$5,812,567 less accumulated depreciation of \$731,932 or a net book value of \$5,080,635 are not financial resources and therefore are not reported in the funds.

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

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

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

Series 2021 Subordinate bonds	\$ (11,550,000)
Series 2021 Jr. Lien bonds	(3,987,000)
Accrued and unpaid interest on bonds	(2,481,544)
Net adjustment	<u>\$ (18,018,544)</u>

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

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or ultimately conveyed to other governmental entities. The details of this difference is as follows:

Depreciation expense	\$ <u>(305,100)</u>
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. The details of this difference is contributed capital in the amount of \$2,472,145.

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference is as follows:

Interest on long-term debt	\$ <u>(613,764)</u>
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SUPPLEMENTARY INFORMATION

Serratoga Falls Metropolitan District No. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Property tax	\$ 348,206	\$ 348,206	\$ 348,501	\$ 295
Specific ownership tax	20,892	25,600	25,083	(517)
Interest income	-	2,300	381	(1,919)
Total revenues	<u>369,098</u>	<u>376,106</u>	<u>373,965</u>	<u>(2,141)</u>
Expenditures:				
Current:				
General government:				
Treasurer fees	6,964	6,964	6,978	(14)
Bank and trustee fees	7,500	700	700	-
Debt service:				
Interest	354,634	383,442	358,326	25,116
Total expenditures	<u>369,098</u>	<u>391,106</u>	<u>366,004</u>	<u>25,102</u>
Net change in fund balance	-	(15,000)	7,961	22,961
Fund balance, beginning of year	<u>20,300</u>	<u>20,300</u>	<u>16,976</u>	<u>(3,324)</u>
Fund balance, end of year	<u>\$ 20,300</u>	<u>\$ 5,300</u>	<u>\$ 24,937</u>	<u>\$ 19,637</u>

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