

Vail Square Metropolitan District No. 3

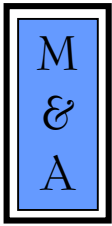
Financial Statements

December 31, 2023

**Vail Square Metropolitan District No. 3
Financial Statements
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Vail Square Metropolitan District No. 3
Vail, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vail Square Metropolitan District No. 3 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

Emphasis of Matter

As discussed in note VI, the District's fund balance and net position were restated for the correction of an error in the previous year. Our opinion is not modified as a result of this.

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
Vail Square Metropolitan District No. 3

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

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

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 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.

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Vail Square Metropolitan District No. 3**

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparison in Section F is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
September 30, 2024**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Vail Square Metropolitan District No. 3

Management's Discussion and Analysis December 31, 2023

As management of Vail Square Metropolitan District No. 3 (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 composed of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains additional other information after the notes to the financial statements.

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 with the difference 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.

The governmental activity of the District is primarily financing the Intergovernmental Service Costs and Capital Costs due to Vail Square Metropolitan District No. 1. There are no business-type activities within the District.

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. The District currently has two funds, the General Fund and the Debt Service Fund, both of which are governmental 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.

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. A reconciliation of the fund balance as reported in the governmental funds to the net position reported in the government-wide financial statements and a reconciliation of the net change in fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements are contained on pages C3 through C6 of the 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 starting on page D1 of this report.

(Table shown on following page; remainder of page intentionally left blank to accommodate table.)

Condensed Financial Information

A condensed comparative summary of the District's government-wide assets, liabilities, deferred inflows, net position, revenues and expenditures follows:

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
ASSETS:		
Current assets	\$ 1,091,449	\$ 289,688
Non-current assets	\$ 6,498,517	\$ -
Total Assets	<u>7,589,966</u>	<u>289,688</u>
LIABILITIES & DEFERRED INFLOWS:		
Current liabilities	863,692	10,531
Non-current liabilities	8,305,000	1,264,860
Total Liabilities	<u>9,168,692</u>	<u>1,275,391</u>
Deferred inflows of resources	<u>206,777</u>	<u>278,957</u>
NET POSITION:		
Restricted	727,549	177
Unrestricted	(2,513,052)	(1,264,837)
Total Net Position	<u>\$ (1,785,503)</u>	<u>\$ (1,264,660)</u>
REVENUES:		
Program Revenues		
Operating contributions	\$ 7,403,127	\$ 1,023
General Revenues		
Property and other taxes	143,638	547,966
Interest and other revenue	21,906	979
Total Revenues	<u>7,568,671</u>	<u>549,968</u>
EXPENSES:		
General government	9,680,622	384,929
Total Expenses	<u>9,680,622</u>	<u>384,929</u>
Change in Net Position	(2,111,951)	165,039
Net Position - Beginning	(2,610,885)	(1,429,699)
2022 Restatement	-	(1,346,225)
Net Position - Ending	<u>\$ (4,722,836)</u>	<u>\$ (2,610,885)</u>

The District is one of the “financing districts” in a triple district structure whereby the District is supporting financing the construction of infrastructure being coordinated by Vail Square Metropolitan District No. 1. The District consists of commercial properties whereas the residential properties are in District No. 2. Financing, constructing and operating the infrastructure was initially furnished through a District Facilities Joint Financing Construction and Service Agreement which has now been replaced with a District Coordinating Services Agreement among the District and Vail Square Metropolitan District Nos. 1 and 2. During 2023 the District assumed the loan that was initially taken out by District No. 1 to finance the infrastructure. In conjunction with assuming the obligation for the loan, the District was relieved of its obligation for the debt to District No. 1 and received a repayment pledge for a portion of debt service payments from Vail Square Metropolitan District No. 2.

Government-wide Financial Analysis. During 2023 the District’s primary activity was to collect property taxes to pay the debt service payments and to pay the service obligation to District No. 1 for the infrastructure in the Districts.

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, unassigned fund balance 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 a combined ending fund balance of \$1,023,681. Of this fund balance, \$727,359 is restricted for future debt service and \$296,122 is nonspendable as it has been prepaid to District No. 1 to be used to provide future services to the District’s constituents.

The District adopts budgets for each fund on an annual basis. A budgetary comparison has been provided on page E1 for the General Fund and on page F1 for the Debt Service Fund.

Capital assets. All capital assets inside of the District boundaries are constructed and operated by District No.1. Therefore, no capital assets are reported by the District.

Long-term debts. Early in 2023 the District assumed the obligation of \$9,400,000 for the joint debt of District Nos. 1, 2 and 3 from District No. 1 and subsequently repaid \$404,000 of that debt leaving an outstanding balance of \$8,996,000 at the end of 2023. More details and information related to the District’s long-term debts can be found in the Notes to the Financial Statement in Note III B on page D10 of this report.

Request for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Vail Square Metropolitan District No. 3
Balance Sheet
Governmental Funds
December 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	200	681,984	682,184
Amounts due from Treasurer	-	2,200	2,200
Amounts due from VSMD No. 1 & 2	-	200,288	200,288
Property taxes receivable	34,856	171,921	206,777
Prepaid service obligation to VSMD No. 1	-	296,122	296,122
Total Assets	<u>35,056</u>	<u>1,352,515</u>	<u>1,387,571</u>
Liabilities, Deferred Inflow of Resources,			
Liabilities:			
Amounts due to VSMD No. 1 & 2	-	157,113	157,113
Total Liabilities	<u>-</u>	<u>157,113</u>	<u>157,113</u>
Deferred Inflow of Resources:			
Unavailable property tax revenue	34,856	171,921	206,777
Total Deferred Inflow of Resources	<u>34,856</u>	<u>171,921</u>	<u>206,777</u>
Fund Balances:			
Nonspendable	-	296,122	296,122
Restricted for debt service	-	727,359	727,359
Restricted for emergencies	190	-	190
Unassigned	10	-	10
Total Fund Balances	<u>200</u>	<u>1,023,481</u>	<u>1,023,681</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>35,056</u>	<u>1,352,515</u>	<u>1,387,571</u>

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

FUND FINANCIAL STATEMENTS

Vail Square Metropolitan District No. 3
Statement of Net Position
December 31, 2023

Assets:	
Cash and cash equivalents	682,184
Amounts due from Treasurer	2,200
Property taxes receivable	206,777
Amounts due from VSMD No. 1 & 2	200,288
Prepaid service obligation to VSMD No. 1	296,122
Capital obligation from VSMD No. 2	6,202,395
Total Assets	<u>7,589,966</u>
 Liabilities:	
Current liabilities due in less than one year:	
Amounts due to VSMD No. 1 & 2	157,113
Accrued interest payable	15,579
Bonds payable	691,000
Non-current liabilities due in excess of one year:	
Bonds payable	8,305,000
Total Liabilities	<u>9,168,692</u>
 Deferred Inflow of Resources:	
Property tax revenue	206,777
Deferred gain on refunding	-
Total Deferred Inflow of Resources	<u>206,777</u>
 Net Position:	
Restricted for debt service	727,359
Restricted for emergencies	190
Unrestricted	(2,513,052)
Total Net Position	<u><u>(1,785,503)</u></u>

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

Vail Square Metropolitan District No. 3
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2023

Governmental Funds Total Fund Balance		1,023,681
Amounts due from other Districts for capital obligations are not considered current financial resources and, therefore, are not reported in the funds.		6,202,395
Long-term liabilities, including bonds payable and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:		
Bonds payable	(8,996,000)	
Accrued interest payable	<u>(15,579)</u>	
		<u>(9,011,579)</u>
Net Position of Governmental Activities		<u><u>(1,785,503)</u></u>

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

Vail Square Metropolitan District No. 3
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:			
Property taxes	-	113,497	113,497
Specific ownership taxes	-	30,141	30,141
Other income	-	-	-
Intergovernmental agreement	6,418	1,194,314	
Interest income	-	21,906	21,906
Total Revenues	<u>6,418</u>	<u>1,359,858</u>	<u>165,544</u>
Expenditures:			
General government	6,418	9,195,560	9,201,978
Debt service:			
Principal	-	404,000	404,000
Interest	-	186,943	186,943
Bond issuance costs	-	276,122	276,122
Total Expenditures	<u>6,418</u>	<u>10,062,625</u>	<u>10,069,043</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(8,702,767)</u>	<u>(9,903,499)</u>
Other Financial Sources (Uses):			
Bond proceeds	-	9,400,000	9,400,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,400,000</u>	<u>9,400,000</u>
Net Change in Fund Balances	-	697,233	697,233
Fund Balances - Beginning (restated)	<u>200</u>	<u>326,248</u>	<u>326,448</u>
Fund Balances - Ending	<u>200</u>	<u>1,023,481</u>	<u>1,023,681</u>

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

**Vail Square Metropolitan District No. 3
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2023**

Net change in fund balances for total governmental funds	697,233
Changes in amounts due from Vail Square Metropolitan District No. 2 for capital costs are not currently available financial resources and, therefore, are not reported in the funds.	6,202,395
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt repayments.	
Principal repayments - Bonds payable	404,000
Bond proceeds	<u>(9,400,000)</u>
	(8,996,000)
The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>(15,579)</u>
Change in Net Position of Governmental Activities	<u><u>(2,111,951)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

The Vail Square Metropolitan District No. 1 (the "District") was established December 5, 2005, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was established as part of a triple district structure with Vail Square Metropolitan District Nos. 2 and 3. The District is considered the Operating District, and was formed to coordinate the financing and construction of all public improvements which will be constructed for the use and benefit of all anticipated inhabitants and taxpayers of Vail Square Metropolitan District Nos. 1-3. Vail Square Metropolitan District Nos. 2 and 3 are the Financing Districts and as such have paid and will continue to pay capital and service obligations to the District for the infrastructure in the Districts.

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 discussed 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 governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

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.

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

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. 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 comprises 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 resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

C. 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

Governmental activities in the government-wide 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.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at net asset value or amortized cost. The change in fair value, net asset value, and amortized cost of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2023.

3. Prepaid Expenses and Service Obligations

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed.

4. Long-term Debt

In the government-wide financial statements, in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

5. Deferred Outflows and 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items to report under this category.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Deferred Outflows and 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

6. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable - 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 the 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 the 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.

The District uses restricted amounts 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 first uses 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. However, the District's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to Board of Directors.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

I. Summary of Significant Accounting Policies (continued)

E. 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.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2023:

- (1) For the 2023 budget year, prior to August 25, 2022, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries and prior to December 10, 2022, the County Assessor sent the final recertified assessed valuation to the District.
- (2) On or before October 15, 2022, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Board no later than 45 days prior to the close of the fiscal year.
- (4) For the 2023 budget, prior to December 15, 2022, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2023 budget, the final budget and appropriating resolution was adopted prior to December 31, 2022.

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 in the budget; c) it may approve emergency appropriations; and d) it may 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 which 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 15th.

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

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR 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. 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. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

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.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved \$190, which is the approximate required reserve, at December 31, 2023.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. The District's first year of operations ended December 31, 1995. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The electorate of the District authorized property taxes to be increased up to \$1,500,000 in 2005, plus up to an additional \$3,000,000 in 2007, and each year thereafter to pay the Districts operations, maintenance, and other expenses, such amounts to increase annually in an amount not to exceed the applicable limitations of Article X, Section 20 of the Colorado Constitution and Colorado Law.

The District's electorate further approved that the District's taxes be increased \$120,000,000 annually, or by such lesser annual amount as may be necessary to pay the District's general or special obligation bonds, revenue bonds or other multiple fiscal year financial obligations, including contracts, issued for the purpose of refunding, paying or defeasing, in whole or in part, bonds, notes or other financial obligations of the District. Such taxes may consist of an ad valorem property tax mill levy imposed without limitation of rate and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary. The revenue from such taxes and any other monies used to pay such general or special obligation bonds, revenue bonds or other multiple fiscal year financial obligations costs, and investment income thereon, may be collected and spent by the District without regard to any expenditure, revenue raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The District's management believes 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.

C. Authorized But Unissued Debt

Pursuant to C.R.S. 32-1-1101(2) a District is only authorized to issue bonds for a period up to twenty years following the date of the election at which such bonds were authorized by the District's voters. The District has the following authorizations remaining as of December 31, 2023:

<u>Purpose</u>	<u>Date of Authorization</u>	<u>Amount</u>	<u>Authorization Used</u>	<u>Authorization Remaining</u>
Street Facilities	11/1/2005	20,000,000	3,338,449	16,661,551
Drainage Facilities	11/1/2005	2,000,000	-	2,000,000
Security Facilities	11/1/2005	1,000,000	-	1,000,000
Traffic/Safety Protection Facilities	11/1/2005	2,000,000	323,582	1,676,418
Operations and Administration	11/1/2005	20,000,000	-	20,000,000
Costs of Acquiring/Constructing Facilities	11/1/2005	20,000,000	-	20,000,000
Costs of Acquiring/Constructing Facilities	11/1/2005	20,000,000	-	20,000,000
Water Facilities	11/6/2007	5,000,000	682,256	4,317,744
Sanitary Sewer Facilities	11/6/2007	5,000,000	682,256	4,317,744
Parks and Recreation	11/6/2007	5,000,000	962,346	4,037,654
Public Transportation	11/6/2007	5,000,000	-	5,000,000
Mosquito Control	11/6/2007	1,000,000	-	1,000,000
Fire Protection	11/6/2007	5,000,000	-	5,000,000
Television Relay	11/6/2007	1,000,000	91,111	908,889
Operations and Administration	11/6/2007	5,000,000	-	5,000,000
Refunding	11/1/2005	40,000,000	9,400,000	30,600,000
		<u>157,000,000</u>	<u>15,480,000</u>	<u>141,520,000</u>

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

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. The carrying amount of the District's demand deposits was \$0 at year end.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

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

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 and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. 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.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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

	Standard & Poors Rating	Carrying Amounts	Term to Maturity	
			Less than one year	More than one year
<i>Deposits:</i>				
Checking and savings	Not rated	-	-	-
<i>Investments:</i>				
Invesco Treasury Portfolio	AAAm	424,669	424,669	-
Investment pool	AAAm	257,515	257,515	-
		<u>682,184</u>	<u>682,184</u>	<u>-</u>

At December 31, 2023, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
Invesco Treasury Portfolio	424,669
	<u>424,669</u>
Investments Measured at Amortized Cost	Total
CSAFE	257,515
	<u>257,515</u>

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

The District had invested \$257,515 in the Colorado Surplus Asset Fund (“CSAFE”). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund, measured at net asset value, and each share is equal in value to \$1.00. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

B. Long-term Obligations

1. 2023 Unlimited Tax General Obligation Loan

The District obtained a \$9,400,000 unlimited tax general obligation loan on April 26, 2023. Interest is payable semiannually on June 1 and December 1, commencing December 1, 2008. The loan matures in various amounts through 2034 and bears interest equal to 3.330%. The loan is a general obligation of the District and supported by a Joint Funding Agreement between the Operating District and the Financing Districts. The Joint Funding Agreement generally provides that the Financing Districts will assess mill levies to collect property taxes which will be paid to the District to be used to pay the principal and interest payments required by the loan.

The loan was obtained to refund the 2008B Tax-Exempt Loan that originally financed the design, acquisition, construction, relocation, installation, completion and provision of public improvements and facilities. The District also used loan proceeds to repay a portion of the long-term obligation to the Developer.

2. Long-term Obligation Activity

The District had the following activity related to long-term obligations during the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
G.O. Refunding Loan, Series 2023	-	9,400,000	(404,000)	8,996,000	691,000
	<u>-</u>	<u>9,400,000</u>	<u>(404,000)</u>	<u>8,996,000</u>	<u>691,000</u>

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the government immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. Any excess funds, which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2023 (the latest available information) is as follows:

Assets	81,143,798
Liabilities	58,670,068
Capital and surplus	22,473,730
Total	81,143,798
Revenue	29,593,851
Underwriting expenses	31,416,477
Underwriting gain (loss)	(1,822,626)
Other income	1,695,393
Net income (loss)	(127,233)

B. Commitments and Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2023.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

V. Intergovernmental Agreements

A. Joint Funding Agreement

The Operating District obtained two loans in the aggregate principal amount of \$16,000,000 on July 23, 2008 for the purpose of constructing certain public infrastructure (the "Facilities") for the benefit of the Districts. Concurrent with obtaining the loans the Operating District entered into a Joint Funding Agreement with the Financing Districts to provide funding to the Operating District for the repayment of the loans. The Joint Funding Agreement generally provides that the Financing Districts will assess mill levies to collect property tax revenues which will be paid to and used by the Operating District to pay Financing Costs related to the loans. Financing Costs are defined as the principal and interest payments required by debt and interest rate swaps obtained or entered into by the Districts, including replenishment of debt reserve funds.

Concurrent with District No. 3 obtaining the refunding loan in the principal amount of \$9,400,000 on April 1, 2023 (the "2023 Loan"), the Joint Funding Agreement described above was replaced with the Amended and Restated Joint Funding Agreement, dated as of April 1, 2023, among the Operating District and Financing Districts. The Amended and Restated Joint Funding Agreement generally provides that the Financing Districts will assess mill levies to collect property tax revenues which will be paid to and used by the District No. 3 to pay Financing Costs related to the 2023 Loan. Financing Costs are defined as the principal and interest payments required by debt entered into by the Districts, including replenishment of debt reserve funds.

In 2023, the mill levy assessed for collection in 2024 was 23.000 mills in Vail Square Metropolitan District No. 2, with 20.000 mills allocated for the Amended and Restated Joint Funding Agreement and 3.000 mills for the District Coordinating Services Agreement; and, 14.797 mills in Vail Square Metropolitan District No. 3, with 11.797 mills allocated for the Amended and Restated Joint Funding Agreement and 3.000 mills for the District Coordinating Services Agreement.

The District has recorded a capital obligation receivable from the Financing District No. 2 as of December 31, 2023 in the amount of \$6,202,395 which represents unreimbursed costs incurred through that date for the refunding of debt originally issued to pay infrastructure construction and costs related to issuance of and debt service on the loans. This amount has been allocated between the Financing Districts based on the District's forecast of the future annual bond costs to be paid by each Financing District. However, each Financing District is responsible to pay Financing Costs until the District's loans have been fully repaid and the ultimate allocation of the Financing Costs between the Financing Districts will be dependent on the assessed value and mill levy of each Financing District over the life of the District's loans.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

V. Intergovernmental Agreements (continued)

B. District Facilities Joint Financing, Construction and Service Agreement

The Agreement generally provides an obligation for the Financing Districts to pay for the acquisition and construction of the Facilities (defined above), to the extent not funded by the Joint Funding Agreement (the Capital Obligation), and operation and maintenance of the Facilities and administrative expenses incurred by the Operating District (the Service Obligation). The Financing Districts are obligated to generate and pay to the Operating District certain tax and other revenues to fund the Capital Obligation and the Service Obligation.

In any given year the Financing Districts are obligated to fund such portion of the Capital and Service Obligations as may be funded with the District taxes available from imposition of a subordinate mill levy, together with other charges imposed by the Financing Districts.

The Agreement specifies certain termination rights on the part of the Districts. Various limitations and conditions to such termination rights exist and reference to the text of the Agreement should be made for specific terms.

C. District Coordinating Services Agreement

The Operating District and Financing Districts entered into the District Coordinating Service Agreement on November 13, 2023. The Agreement terminated the District Facilities Joint Financing, Construction and Service Agreement. The Agreement generally provides an obligation for the Districts to pay for the operation and maintenance of the Facilities and administrative expenses incurred by the Operating District (the "Service Obligation"). The Financing Districts are obligated to generate and pay to the Operating District certain tax and other revenues to fund the Service Obligation. The Operating District is responsible for preparing annual preliminary budget proposals to the Financing Districts for their consideration. The Financing Districts are required to deposit 1/12th of the annual costs from the budget with the Coordinating District on a monthly basis.

The District has recorded a prepaid service obligation with the Operating District as of December 31, 2023 in the amount of \$296,122.

The Agreement specifies certain termination rights on the part of the Districts. Various limitations and conditions to such termination rights exist and reference to the text of the Agreement should be made for specific terms.

Vail Square Metropolitan District No. 3
Notes to the Financial Statements
December 31, 2023
(continued)

V. Intergovernmental Agreements

D. Pledge Agreements

The Districts have entered into an Intergovernmental Agreement and Amended and Restated Pledge Agreement with the Vail Reinvestment Authority.

Under these agreements and in consideration for the Districts' commitment to undertake construction of certain public improvements, the Vail Reinvestment Authority agrees to transfer to the Districts the District Tax Increment Revenues, to which the Authority would otherwise be entitled under an Urban Renewal Plan relating to the project.

Under the second agreement the Authority pledged the Tax Incremental Revenue to the 2008 Loan.

The Districts entered into an Amended and Restated Pledge Agreement on April 1, 2023 with Vail Reinvestment Authority. The agreement replaces the previous pledge agreement and pledges the Authority's Debt Service District Tax Increment Revenues to District No. 3 to assist with repayment of the 2023 Loan and Operations District Tax Increment Revenues to District No. 1 to assist with paying the Financing Districts operation and maintenance costs.

VI. Restatement of Fund Balance and Net Position

The District's Fund Balance was restated and increased by \$326,248 for a change in the calculation of the Service Obligation as described in Note V.B. The District's Net Position was restated and decreased \$1,346,225 for a change in the calculation of the Capital Obligation as described in Note V.B.

REQUIRED SUPPLEMENTARY INFORMATION

Vail Square Metropolitan District No. 3
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Intergovernmental agreement	3,254	3,846	6,418	2,572
Total Revenues	<u>3,254</u>	<u>3,846</u>	<u>6,418</u>	<u>2,572</u>
Expenditures:				
General government:				
Accounting and auditing	3,200	3,200	3,118	82
Insurance	3,200	3,200	3,300	(100)
Total General Government Expenditures	<u>6,400</u>	<u>6,400</u>	<u>6,418</u>	<u>(18)</u>
Other Financing Sources:				
Transfers in	6,146	5,554	-	(5,554)
Total Other Financing Sources	<u>6,146</u>	<u>5,554</u>	<u>-</u>	<u>(5,554)</u>
Net Change in Fund Balance	3,000	3,000	-	(3,000)
Fund Balance - Beginning	200	200	200	-
Fund Balance - Ending	<u>3,200</u>	<u>3,200</u>	<u>200</u>	<u>(3,000)</u>

SUPPLEMENTARY INFORMATION

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues:				
Property taxes	518,276	518,276	113,497	(404,779)
Specific ownership taxes	25,914	25,914	30,141	4,227
Intergovernmental agreement	-	902,556	1,194,314	291,758
Interest income	2,000	2,000	21,906	19,906
Total Revenues	<u>546,190</u>	<u>1,448,746</u>	<u>1,359,858</u>	<u>(88,888)</u>
Expenditures:				
General government:				
Intergovernmental agreement	531,675	9,073,930	9,187,180	(113,250)
Treasurer fees	8,369	8,369	8,380	(11)
Debt service:				
Principal	-	422,000	404,000	18,000
Interest	-	313,020	186,943	126,077
Contingency	-	10,000	-	10,000
Bond issuance costs	-	406,000	276,122	129,878
Total Expenditures	<u>540,044</u>	<u>10,233,319</u>	<u>10,062,625</u>	<u>170,694</u>
Excess of Revenues Over (Under) Expenditures	6,146	(8,784,573)	(8,702,767)	81,806
Other Financing Sources (Uses):				
Bond proceeds	-	9,400,000	9,400,000	-
Transfers (out)	(6,146)	(5,554)	-	5,554
Total Other Financing (Uses)	<u>(6,146)</u>	<u>9,394,446</u>	<u>9,400,000</u>	<u>5,554</u>
Net Change in Fund Balance	-	609,873	697,233	87,360
Fund Balance - Beginning (restated)	-	-	326,248	326,248
Fund Balance - Ending	<u>-</u>	<u>609,873</u>	<u>1,023,481</u>	<u>413,608</u>