

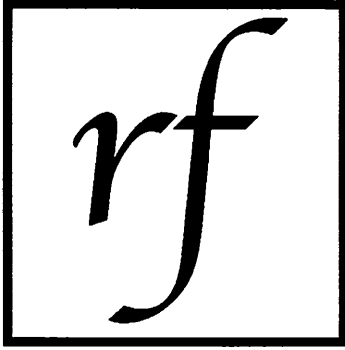
El Rancho Florida Metropolitan District

Financial Statements

December 31, 2024

**El Rancho Florida Metropolitan District
Table of Contents
December 31, 2024**

	Page
Independent Auditor’s Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Fund	
Balance Sheet	6
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	9
Proprietary Fund	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Required Supplementary Information	
Budgetary Comparison Schedule	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – General Fund	21
Supplementary Information	
Budgetary Comparison Schedule	
Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual (Budgetary Basis) – Proprietary Fund	22
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – Conservation Trust Fund	23
Balance Sheet-Conservation Trust Fund	24
Statement of Revenues, Expenditures, and Changes in Fund Balance-Conservation Trust Fund	25



Independent Auditor's Report

El Rancho Florida Metropolitan District
Board of Directors

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of El Rancho Florida Metropolitan District (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

December 24, 2025

Basic Financial Statements

El Rancho Florida Metropolitan District
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 150,590	\$ 774,884	\$ 925,474
Receivables	-	95,961	95,961
Internal balances	221,635	(221,635)	-
Capital Assets:			
Land	-	99,749	99,749
Infrastructure	389,905	-	389,905
Machinery and equipment	34,932	-	34,932
Distribution assets	-	3,527,437	3,527,437
Less accumulated depreciation	(314,810)	(1,162,024)	(1,476,834)
Total capital assets	<u>110,027</u>	<u>2,465,162</u>	<u>2,575,189</u>
Total assets	<u>482,252</u>	<u>3,114,372</u>	<u>3,596,624</u>
LIABILITIES			
Accounts payable and accrued expenses	1,936	75,027	76,963
Long-term liabilities:			
Due within one year			
Note payable	-	1,479	1,479
Due in more than one year:			
Note payable	-	526,362	526,362
Total liabilities	<u>1,936</u>	<u>602,868</u>	<u>604,804</u>
Deferred Inflow of Resources:			
Deferred property taxes	-	83,760	83,760
Total deferred inflow of resources	<u>-</u>	<u>83,760</u>	<u>83,760</u>
NET POSITION			
Net investment in Capital Assets	110,027	1,853,034	1,963,061
Restricted for emergencies	3,090	-	3,090
Unrestricted	367,199	574,710	941,909
Total net position	<u>\$ 480,316</u>	<u>\$ 2,427,744</u>	<u>\$ 2,908,060</u>

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

**El Rancho Florida Metropolitan District
Statement of Activities
For the Year Ended December 31, 2024**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenue		Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental Activities:						
Public Works	\$ 125,523	\$ 93,959	\$ -	\$ (31,564)	\$ -	\$ (31,564)
Culture and Recreation	282	-	1,867	1,585	-	1,585
Total governmental activities	<u>125,805</u>	<u>93,959</u>	<u>1,867</u>	<u>(29,979)</u>	<u>-</u>	<u>(29,979)</u>
Business-type activities:						
Water fund	268,434	243,379	-	-	(25,055)	(25,055)
Total business-type activities	<u>268,434</u>	<u>243,379</u>	<u>-</u>	<u>-</u>	<u>(25,055)</u>	<u>(25,055)</u>
Total primary government	<u>\$ 394,239</u>	<u>\$ 337,338</u>	<u>\$ 1,867</u>	<u>-</u>	<u>(25,055)</u>	<u>(55,034)</u>
General revenues:						
Taxes:						
Property and SO taxes, levied for general purposes				-	9,744	9,744
Unrestricted investment earnings				286	1,131	1,417
Miscellaneous				-	218	218
Total general revenues, special items, and transfers				<u>286</u>	<u>11,093</u>	<u>11,379</u>
Change in net position				(29,693)	(13,962)	(43,655)
Net position - beginning				510,009	2,441,707	2,951,716
Net position - ending				<u>\$ 480,316</u>	<u>\$ 2,427,744</u>	<u>\$ 2,908,060</u>

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

**El Rancho Florida Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2024**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 147,782	\$ 2,808	\$ 150,590
Due from other funds	222,416	-	222,416
Total assets	370,198	2,808	373,006
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,936	-	1,936
Due to other funds	-	781	781
Total liabilities	1,936	781	2,717
 Fund balances:			
Restricted for emergencies	3,090	-	3,090
Unassigned	365,172	2,027	367,199
Total fund balances	368,262	2,027	370,289
Total liabilities and fund balances	\$ 370,198	\$ 2,808	\$ 373,006

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

El Rancho Florida Metropolitan District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024

Total fund balance, governmental funds	\$ 370,289
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	<u>110,027</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 480,316</u></u>
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The accompanying notes to financial statements
are an integral part of these statements.

El Rancho Florida Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 31,696	\$ 1,867	\$ 33,563
Charges for services	62,263	-	62,263
Investment earnings	-	286	286
Total revenues	<u>93,959</u>	<u>2,153</u>	<u>96,112</u>
EXPENDITURES			
Road operations	107,941	-	107,941
Total Expenditures	<u>107,941</u>	<u>282</u>	<u>108,223</u>
Excess (deficiency) of revenues over expenditures	<u>(13,982)</u>	<u>1,871</u>	<u>(12,111)</u>
Net change in fund balances	(13,982)	1,871	(12,111)
Fund balances - beginning	382,244	156	382,400
Fund balances - ending	<u>\$ 368,262</u>	<u>\$ 2,027</u>	<u>\$ 370,289</u>

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

El Rancho Florida Metropolitan District
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, 2024

Net change in fund balances - total governmental funds: \$ (12,111)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay of \$0 is less than depreciation of \$17,582 in the current period.

(17,582)

Change in net position of governmental activities:

\$ (29,693)

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

El Rancho Florida Metropolitan District
Statement of Net Position
Proprietary Fund
December 31, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 774,883
Accounts receivable, net	12,201
Property taxes receivable	83,760
Due from other funds	781
Total current assets	871,625
Non-current assets:	
Capital assets:	
Land	99,749
Distribution assets	3,527,437
Less accumulated depreciation	(1,162,024)
Total non-current assets	2,465,162
Total assets	3,336,787

LIABILITIES and DEFERRED INFLOWS

Current liabilities:	
Accounts payable	75,027
Due to other funds	222,416
Notes payable	75,103
Total current liabilities	372,546
Non-current liabilities:	
Notes payable	452,738
Total non-current liabilities	452,738
Total liabilities	825,284
Deferred inflow of resources:	
Deferred revenue	83,760
Total deferred inflow of resources	83,760

NET POSITION

Net investment in capital assets	1,853,033
Restricted for other purposes	262,593
Unrestricted	312,117
Total net position	\$ 2,427,743

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

El Rancho Florida Metropolitan District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2024

OPERATING REVENUES	
Charges for services	\$ 242,153
Miscellaneous revenue	1,444
Other operating income--Property and SO taxes	9,744
Total operating revenues	<u>253,341</u>
 OPERATING EXPENSES	
Salaries	69,257
Administrative and general	150,497
Utilities	7,009
Repairs and maintenance	29,488
Supplies	4,634
Miscellaneous expenses	120
Depreciation	(74)
Total Operating Expenses	<u>260,931</u>
Operating income (loss)	<u>(7,590)</u>
 NON-OPERATING REVENUES (EXPENSES)	
Interest earnings	1,131
Interest expense	(7,503)
Total non-operating revenue (expenses)	<u>(6,372)</u>
Change in net position	(13,962)
Total net position - beginning	<u>2,441,705</u>
Total net position - ending	<u>\$ 2,427,743</u>

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

El Rancho Florida Metropolitan District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from charges for services	\$ 334,851
Cash Received from Miscellaneous	1,444
Cash payments to suppliers for goods & services	(252,678)
Cash payments for salaries & benefits	(69,257)
Net cash provided by operating activities	<u>14,360</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Net change in due to due from other funds	<u>95,318</u>
Net cash provided (used) by noncapital financing activities	<u>95,318</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:	
Interest expense	(7,503)
Payments made on debt	(73,623)
Net cash (used) in capital and related financing activities	<u>(81,126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>1,131</u>
Net cash provided from investing activities	<u>1,131</u>
Net increase (decrease) in cash and cash equivalents	29,683
CASH & CASH EQUIVALENTS:	
Beginning of Year	<u>745,200</u>
End of Year	<u><u>774,883</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating (loss)	(7,590)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	(74)
Change in assets and liabilities:	
(Increase) decrease in receivables	82,954
(Increase) decrease in prepaid expenses	11,651
Increase (decrease) in accounts payable	(72,581)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 14,360</u></u>

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

El Rancho Florida Metropolitan District
Notes to the Financial Statements
December 31, 2024

Note 1 **Definition of Reporting Entity**

The El Rancho Florida Metropolitan District (the District) was organized in 1986 for the purpose of providing central water service, road maintenance, and recreation to the El Rancho Florida Subdivision, Units I and II.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 **Summary of Significant Accounting Policies**

This summary of El Rancho Florida Metropolitan District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Government-Wide and Fund Financial Statements:

Basic Financial Statements

Government-wide financial statements consist of a statement of net position and a statement of activities. These statements report on all of the activities of the primary government. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Governmental activities are reported separately from business-type activities. Governmental activities are supported by intergovernmental revenues and charges for services, whereas business-type activities are supported by fees and charges for services and are usually intended by management to be financially self-sustaining. El Rancho Florida Metropolitan District receives property taxes in the Enterprise Fund for the purpose of meeting long term debt payments.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the

operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including property taxes and interest income, are presented as general revenues.

The effect of interfund activity has been removed from the government-wide financial statements.

Fund financial statements consist of a series of statements focusing on information about the District's major governmental and enterprise funds. Separate financial statements are presented for the governmental and the proprietary type funds.

Measurement Focus, Basis of Accounting and Basis of Presentation:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and modified basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues

Revenues resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period typically within sixty days of realization.

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

The District has the following governmental funds:

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

Special Revenue Fund – The Special Revenue Fund accounts for lottery proceeds received from the Colorado State Lottery. These funds are restricted to the maintenance and management of park areas.

The District has the following proprietary type fund:

Enterprise Fund – Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of the District's enterprise fund is charges to customers for services. Operating expenses for the enterprise fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Property taxes assessed for the retirement of long-term debt are considered non-operating revenues.

Property Taxes:

Property taxes are collected on behalf of the District by La Plata County and then remitted to the District. The property tax is levied and certified in December of the year prior to the year the taxes are collected on all taxable property located in the District. Property taxes become an enforceable lien on January 1 of each year.

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under two methods: 1) in full on or before April 30, or 2) one-half on or before February 28, and the remaining one-half on or before June 15. All unpaid taxes levied December 31 become delinquent June 16.

Allowances for Uncollectibles:

No allowance for uncollectibles has been provided because the District is empowered to file liens on properties where delinquencies exist. Accordingly, it is expected that all accounts will be ultimately collected.

Cash and Cash Equivalents:

The District's cash and cash equivalents include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates, and have a maturity of three months or less from the date of acquisition. For cash and cash equivalents, the market value approximates the carrying value. Cash and cash equivalents for purposes of the cash flow statement for the Enterprise Fund, includes cash in operating accounts and certificates of deposit.

Colorado law authorizes the District to invest in obligations of the U. S. Treasury, State of Colorado, Colorado county and school districts, repurchase agreements, financial institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter. Deposits are stated at cost which approximates fair value.

Capital Assets:

Capital assets, which include buildings, equipment, and vehicles, are recorded as expenditures in the applicable fund from which they are paid. Capital assets are defined by the District as assets with a useful life of more than three years and a cost of over \$2,500. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated useful lives as follows:

Infrastructure	15 to 40 years
Equipment and Vehicles	5 to 30 years

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no amounts that qualify as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item which arises only under a full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the statement of net position. The proprietary fund reports unavailable revenues from property taxes for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance year 2025. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Restricted Resources:

The District's policy is to use restricted resources first to fund appropriations for which both restricted and unrestricted net position are available.

Net Position/Fund Balances:

The difference between assets and liabilities is "Net Position" on the government-wide and proprietary fund financial statements. On the governmental fund financial statements, this difference is reported as "Fund Balances".

Net position is divided into net investment in capital assets, restricted and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

Fund balance classifications used by the District are as follows:

- 1) Restricted fund balance in the General Fund consists of the equity of the District which is restricted for emergency purposes by the Tabor Amendment of the State of Colorado

Constitution. Restricted fund balance in the Special Revenue Fund is restricted to the maintenance and management of park areas. This designation is used for the portion of the fund balance that is restricted for a specific purpose by external parties.

- 2) Unassigned fund balance is the residual classification for the General Fund. This classification represents the portion of fund balance that has not been restricted, committed or assigned for specific purposes.

If both restricted and unrestricted amounts of fund balance are available for use when expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3

Deposits

The District's deposit policies are governed by Colorado statute. 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 financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another financial institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA approved financial institutions. At December 31, 2024, \$852,892 of the District's deposits were exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The District does not have a formal investing policy.

Note 4 Fixed Assets

A summary of fixed assets follows:

	Governmental Activities			Ending Balance
	Beginning Balance	Additions	Deletions	
Depreciable				
Bridge and Road	\$ 389,905	\$ -	\$ -	\$ 389,905
Machinery and Equipment	34,932	-	-	34,932
Total Depreciable Assets	424,837	-	-	424,837
Less Accumulated Depreciation	(297,228)	(17,582)	-	(314,810)
Governmental Activities Capital Assets, Net	<u>\$ 127,609</u>	<u>\$ (17,582)</u>	<u>\$ -</u>	<u>\$ 110,027</u>

Depreciation expense of \$17,582 was recorded for general fixed assets.

	Business-Type Activities			Ending Balance
	Beginning Balance	Additions	Deletions	
Non-Depreciable				
Land	\$ 99,749	\$ -	\$ -	\$ 99,749
Total Non-Depreciable Assets	99,749	-	-	99,749
Depreciable				
Machinery and equipment	3,516,773	-	-	3,516,773
Total Assets	3,616,552	-	-	3,616,552
Less Accumulated Depreciation	(1,046,551)	(115,473)	-	(1,162,024)
Business-Type Activities Capital Assets, Net	<u>\$ 2,569,971</u>	<u>\$ (115,473)</u>	<u>\$ -</u>	<u>\$ 2,454,498</u>

Depreciation expense of \$115,473 was recorded in the Enterprise Fund.

Note 5 Long-Term Debt

On July 25, 2011, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority ("the Authority") for \$1,400,000 to finance the costs to upgrade the water system.

The loan is a promissory note of the District, payable from property taxes and other available sources of funds. Payments of principal and interest are due annually. The interest rate is 2%.

The amount currently outstanding on this loan is as follows:

	Principal Maturities	Interest Payments	Annual Debt Service Requirements
2025	\$ 75,104	\$ 11,656	\$ 86,760
2026	76,614	10,149	86,763
2027	78,153	8,607	86,760
2028	79,725	7,035	86,760
2029	81,327	5,433	86,760
2030-2032	210,542	8,358	218,900
	<u>\$ 601,465</u>	<u>\$ 51,238</u>	<u>\$ 652,703</u>

Changes in long-term debt for 2024 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
CWRPDA Loan	<u>\$ 675,089</u>	<u>\$ -</u>	<u>\$ (73,624)</u>	<u>\$ 601,465</u>	<u>\$ 75,104</u>

Note 6 Fund Balance

Restricted fund balance in the General Fund consists of \$3,090 for emergency purposes as required by the Tabor amendment.

Note 7 Net Position

Restricted net position in the Enterprise Fund consists of:

- 1) \$262,593 for an operations and maintenance reserve as required by the Colorado Water Resources and Power Development Authority.

Note 8 Risk Management

El Rancho Florida Metropolitan District is exposed to various risks of loss related to torts, thefts of, damages to or destruction of assets; errors or omissions; injuries to employees, or acts of God. Commercial insurance is purchased by the District to cover losses or claims arising from matters related to property damage and injuries to employees. It is not possible to estimate any

losses that would not be covered by the commercial insurance; however, settled claims have not exceeded this commercial coverage in any of the three preceding years.

Note 9 Contingencies and Taxpayer’s Bill of Rights (TABOR)

Colorado voters passed an amendment of the State Constitution, Article X, Section 20, which has several limitations, including revenue-raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

It requires emergency reserves up to 3% of spending limits-the reserves for years after 1996 must be at least 3% of fiscal year spending. The amendment allows for an increase of revenues under formulas using inflation and local growth. Voter approval is required for tax increases and spending above the inflation and growth factor. Revenue collected, kept, or spent illegally shall be refunded with interest.

The District believes it is in compliance with the requirements of TABOR; however, the District has made certain interpretations of the amendment's language in order to determine its compliance.

Note 10 Budget Calendar

The budget calendar is as follows:

- | | |
|-------------|--|
| August 25 | Assessors must submit abstract of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation. |
| | Assessors must certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits. |
| October 15 | Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget is received. |
| December 15 | Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County. Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuing fiscal period. |
| December 22 | Statutory deadline for Board of County Commissioners to certify levies and revenues to assessor and the Division of Property Taxation. |

Required Supplementary Information

**El Rancho Florida Metropolitan District
Budget and Actual
General
For the year ended December 31, 2024**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 17,000	\$ 17,000	\$ 31,696
Charges for services	60,665	60,665	62,263
Miscellaneous	4,240	4,240	-
Total revenues	<u>81,905</u>	<u>81,905</u>	<u>93,959</u>
EXPENDITURES			
Current:			
Road operations	<u>503,643</u>	<u>503,643</u>	<u>107,941</u>
Total Expenditures	<u>503,643</u>	<u>503,643</u>	<u>107,941</u>
Excess (deficiency) of revenues over expenditures	<u>(421,738)</u>	<u>(421,738)</u>	<u>(13,982)</u>
Net change in fund balances	(421,738)	(421,738)	(13,982)
Fund balances - beginning	<u>421,738</u>	<u>421,738</u>	<u>382,244</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,262</u>

**El Rancho Florida Metropolitan District
Budget and Actual
Water Fund
For the year ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charge for services	\$ 135,272	\$ 135,272	\$ 242,153
Investment earnings	900	900	1,131
Other operating income--			
Property and SO taxes	88,760	88,760	9,744
Miscellaneous	2,500	2,500	1,444
Total revenues	<u>227,432</u>	<u>227,432</u>	<u>254,472</u>
EXPENDITURES			
Salaries	-	-	69,257
Administrative and general	82,351	82,351	150,497
Utilities	56,025	56,025	7,009
Repairs and maintenance	19,900	19,900	29,488
Supplies	7,500	7,500	4,634
Capital outlay	1,600	1,600	-
Miscellaneous expense	-	-	120
Interest expense	13,135	13,135	7,503
Principal payments on debt	73,624	73,624	73,623
Contingency	627,236	627,236	-
Total operating expenses	<u>881,371</u>	<u>881,371</u>	<u>342,131</u>
Operating income (loss)	<u>(653,939)</u>	<u>(653,939)</u>	<u>(87,659)</u>
RECONCILING ITEMS TO GAAP FINANCIAL STATEMENTS			
Principal payments on debt	-	-	73,623
Depreciation	-	-	74
Total	<u>-</u>	<u>-</u>	<u>73,697</u>
Net change in net position	<u>(653,939)</u>	<u>(653,939)</u>	<u>(13,962)</u>
Net position - beginning	653,940	653,940	2,441,705
Net position - ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2,427,743</u>

**El Rancho Florida Metropolitan District
Budget and Actual
Conservation Trust
For the year ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 1,800	\$ 1,800	\$ 1,867
Investment earnings	6	6	286
Total revenues	<u>1,806</u>	<u>1,806</u>	<u>2,153</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>12,381</u>	<u>12,381</u>	<u>282</u>
Total Expenditures	<u>12,381</u>	<u>12,381</u>	<u>282</u>
Excess (deficiency) of revenues over expenditures	<u>(10,575)</u>	<u>(10,575)</u>	<u>1,871</u>
Net change in fund balances	(10,575)	(10,575)	1,871
Fund balances - beginning	<u>10,575</u>	<u>10,575</u>	<u>156</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,027</u>

**El Rancho Florida Metropolitan District
Balance Sheet
Other Governmental Funds
December 31, 2024**

	Conservation Trust	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 2,808	\$ 2,808
Total assets	2,808	2,808
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	781	781
Total liabilities	781	781
 Fund balances:		
Committed	2,027	2,027
Total fund balances	2,027	2,027
Total liabilities and fund balances	\$ 2,808	\$ 2,808

**El Rancho Florida Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024**

	Conservation	Total-Other
REVENUES		
Intergovernmental	\$ 1,867	\$ 1,867
Investment earnings	286	286
Total revenues	2,153	2,153
EXPENDITURES		
Current:		
Culture and recreation	282	282
Total Expenditures	282	282
Excess (deficiency) of revenues over	1,871	1,871
Net change in fund balances	1,871	1,871
Fund balances - beginning	156	156
Fund balances - ending	\$ 2,027	\$ 2,027