

FOREST LAKES METROPOLITAN DISTRICT
FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT

December 31, 2024

TABLE OF CONTENTS

	PAGE
TABLE OF CONTENTS	
Report Of The Independent Certified Public Accountant.....	A1 - A3
Management Discussion and Analysis	B1 – B8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	C1
Statement of Activities.....	C2
Fund Financial Statements	
Balance Sheet – Governmental Fund – General Fund.....	C3
Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds.....	C4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds.....	C6
Statement of Net Position-Proprietary Funds	C7
Statement of Revenues, Expenses, and Changes in Net Position -Proprietary Funds	C8
Statement of Cash Flows -Proprietary Funds	C9
Statement of Fiduciary Net Position - Fiduciary Funds.....	C10
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	C11
Notes to Financial Statements.....	D1 – D34
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual General Fund.....	E1
Schedules for the PERA Pension and OPEB Plans	
Proportionate Share of the Net Pension Liability (Assets)	E2
Employer Pension Contributions	E3
Notes to the Required Supplementary Information	E4
Proportionate Share of the Net OPEB Liability (Assets).....	E5
Employer OPEB Contributions	E6
Notes to the Required Supplementary Information	E7
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual Water Fund.....	F1
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual Wastewater Fund	F2



REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Forest Lake Metropolitan District
Bayfield, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As described in Note 2 to the financial statements, during 2024, the District adopted new GASB Statements No. 100, *Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62.* and 101 *Compensated Absences.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and ten-year schedules related to the Pension and OPEB plans 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.

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 individual budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual budget to actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rae & Co., CPAs, LLC

Rae & Co., CPAs, LLC
Timnath, Colorado
May 13, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOREST LAKES METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024**

As management of Forest Lakes Metropolitan District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024. Please read it in conjunction with the accompanying basic financial statements.

Forest Lakes is an 1,865 acre subdivision located in rural La Plata County, Colorado, 30 miles west of Durango. There are approximately 1,600 homesites within Forest Lakes with over 800 homes built and an estimated population of 1,900 residents and over 26 miles of roads. Forest Lakes Metropolitan District was formed in 1973 to provide services to the residents of Forest Lakes.

The District organizes its financial information along activity lines in 3 primary funds: General Government, which includes Public Works (Roads & Right-of Way) and Parks & Recreation, plus a Water Fund and a Wastewater Fund, which are both Enterprise funds, functioning as Business Type Activities. In 2024 the District created an additional fund for Conservation Trust (CTF) revenues to more accurately track the spending of those funds, transferring in restricted CTF funds that were previously held in the General Fund.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows exceeded total liabilities and deferred inflows (net position) by \$7.4 million at the close of the fiscal year.
- Total governmental and business-type net positions increased by a combined total of \$458,025.
- The total cost of all District programs for 2024 was \$2,524,265. The general fund unassigned fund balance at the end of 2024 was \$149,703. The District's assigned Fund Balance is the budgeted amount of expenditures in excess of revenues of \$348,858. At the end of 2024, the District's General Fund had total resources of \$498,561.
- 2024 net investment in capital assets was \$5,832,896.
- For all funds of the District total budgeted revenues were favorable to budget by \$606,048.
- For all funds of the District total budgeted expenditures were favorable to budget by \$161,792.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole, except those amounts reported in the Fiduciary Funds. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. (3) Notes to the financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position

and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report on the District's net position and changes therein. Net position, the difference between assets plus deferred outflows and liabilities plus deferred inflows, are one way to measure the District's financial health, or financial position. Over time, increases or decreases in net position is an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the District's roads to accurately assess the overall health of the District.

The Statement of Net Position and the Statement of Activities present information about the following:

- Government activities - All of the District's basic services are considered to be governmental activities, including general government, public works/streets, parks and recreation, and interest on long-term debt. Property taxes, highway user tax, specific ownership tax and charges for services finance most of these activities.
- Proprietary activities/Business type activities - The District charges a fee or rate to customers to cover the cost of the services provided.

Reporting the District's Most Significant

Funds Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The District's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds - Most of the District's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements.
- Proprietary funds - When the District charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's combined assets plus deferred outflows exceeded liabilities plus deferred inflows by \$7.4 million as of December 31, 2024 as shown in the following condensed statement of net position. A portion of net position, \$92,578, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$1,479,698, may be used to meet the government's ongoing obligations to citizens and creditors.

By far the largest portion of net position is the net investment in capital assets of \$5,832,896 (78.76% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The District has chosen to account for its water and sewer operations in enterprise funds which are shown as Business Activities.

The following table summarizes the District's governmental and business-type net position as of December 31, 2023 and 2024:

	Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 1,788,631	\$ 1,121,745	\$ 1,111,950	\$ 1,070,129	\$ 2,900,581	\$ 2,191,874
Capital assets	1,198,368	1,245,027	5,332,691	5,302,624	6,531,059	6,547,651
Total assets	<u>2,986,999</u>	<u>2,366,772</u>	<u>6,444,641</u>	<u>6,372,753</u>	<u>9,431,640</u>	<u>8,739,525</u>
Deferred outflows of resources	<u>180,630</u>	<u>140,600</u>	<u>132,345</u>	<u>219,912</u>	<u>312,975</u>	<u>360,512</u>
Current liabilities	193,914	18,518	60,575	11,413	254,489	29,931
Long-term liabilities	634,626	619,015	503,416	699,142	1,138,042	1,318,157
Total liabilities	<u>828,540</u>	<u>637,533</u>	<u>563,991</u>	<u>710,555</u>	<u>1,392,531</u>	<u>1,348,088</u>
Deferred inflows of resources	<u>941,124</u>	<u>690,539</u>	<u>5,788</u>	<u>114,263</u>	<u>946,912</u>	<u>804,802</u>
Net investment in capital assets	715,454	934,755	5,117,442	5,081,172	5,832,896	6,015,927
Restricted net position	92,578	51,775	-	-	92,578	51,775
Unrestricted net position	589,933	192,770	889,765	686,675	1,479,698	879,445
Total net position	<u>\$ 1,397,965</u>	<u>\$ 1,179,300</u>	<u>\$ 6,007,207</u>	<u>\$ 5,767,847</u>	<u>\$ 7,405,172</u>	<u>\$ 6,947,147</u>

Governmental Activities

The cost of all Governmental activities this year was \$1,330,419 as shown in the Changes in Net Position statement below. \$548,327 of this cost was paid for by those who directly benefited from the programs. \$82,888 was subsidized by grants or contributions received for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$631,215. General revenues were \$1,019,989. Governmental Activities' revenues totaled \$1,651,204. Transfers to other funds totaled \$102,120.

The District's programs include: General Government, Public Works/Streets, and Parks & Recreation.

Total resources available during the year to finance governmental operations were \$2,747,616 consisting of net position at January 1, 2024 of \$1,179,300, program revenues of \$548,327, and General Revenues of \$1,019,989. Total Governmental Activities' expenses during the year were \$1,432,539 including transfers to other funds of \$102,120. Governmental Net Position increased by \$218,665 over previous year to \$1,397,965.

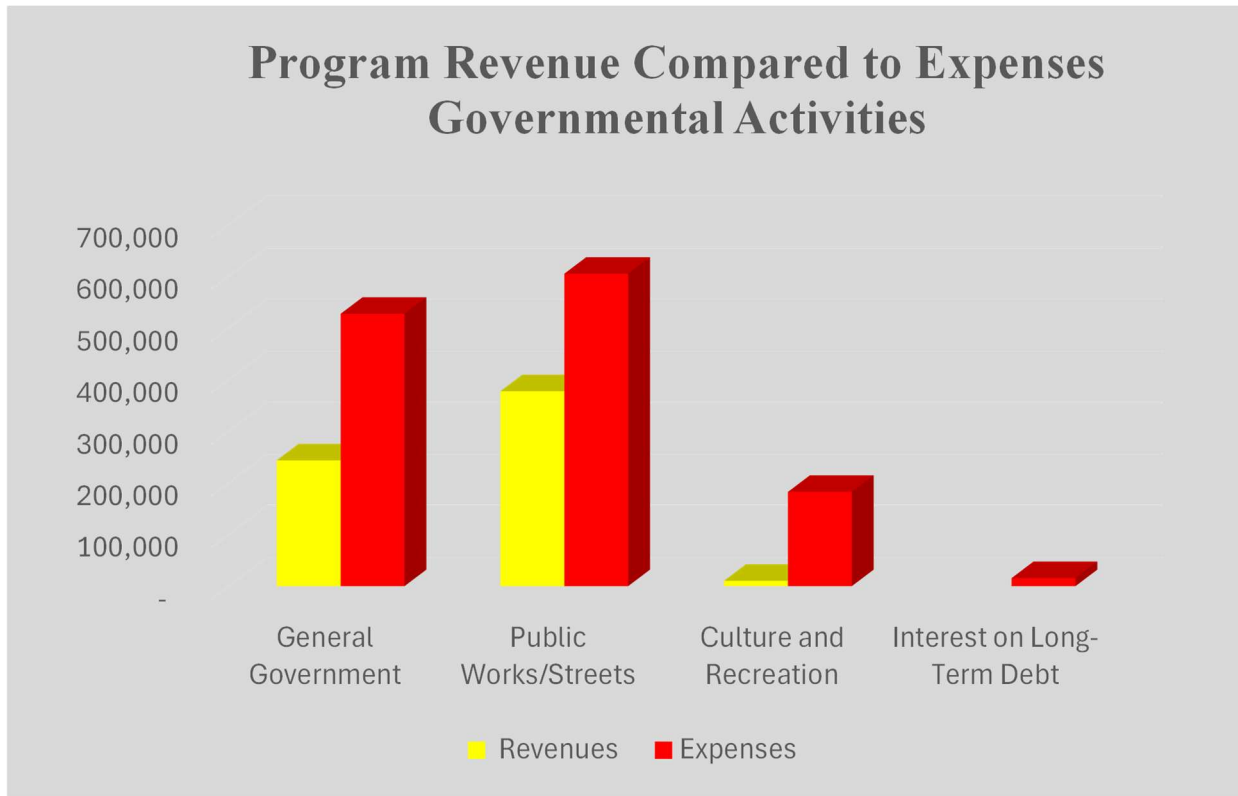
Business Type Activities

Net position of the Business type activities at December 31, 2024, as reflected in the Statement of Net Position was \$6,007,207. The cost of providing all Proprietary (Business-type) activities this year was \$1,193,846. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$911,171 and there was \$243,864 subsidized by grants and contributions. General revenues were \$176,051. Total Business-type revenues were \$1,257,155, including transfers of \$102,120. The Net Position increased by \$239,360.

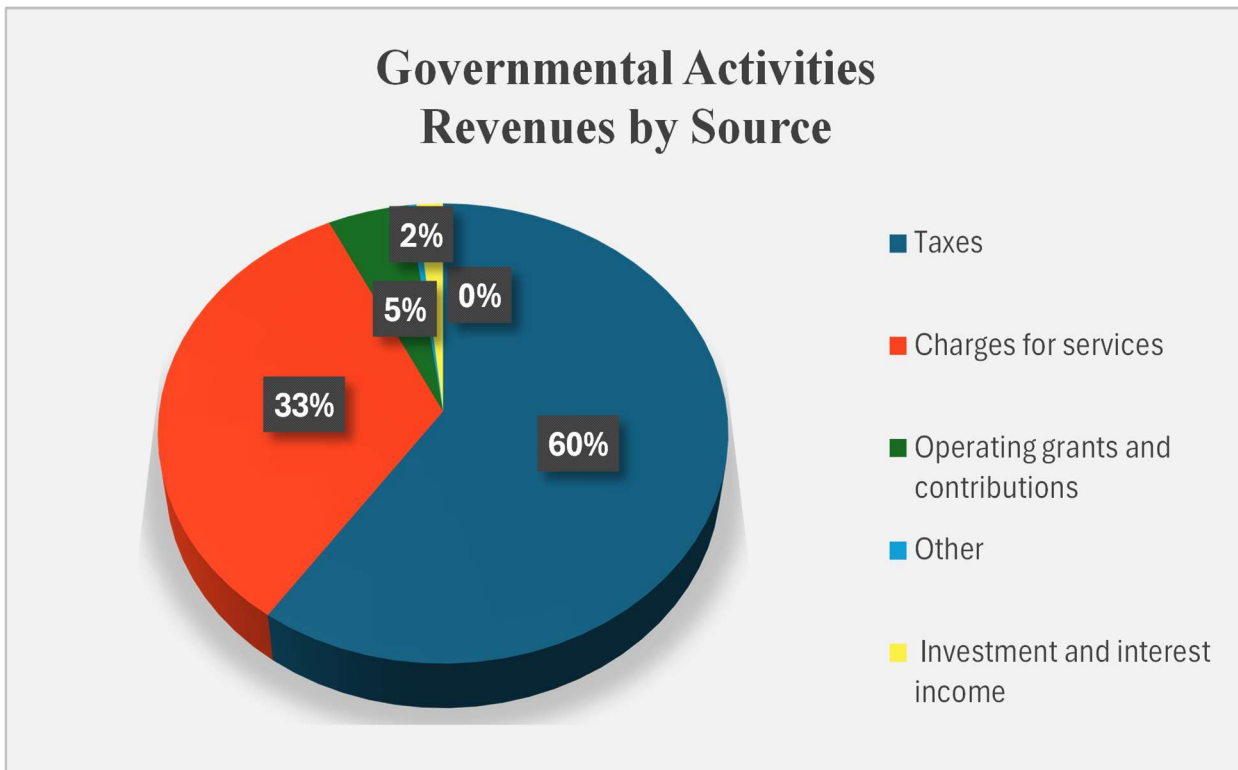
The following table summarizes the District's changes in net position for the years ended December 31, 2023 and 2024:

	Statement of Activities					
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	\$ 548,327	\$ 522,870	\$ 911,171	\$ 827,699	\$1,459,498	\$ 1,350,569
Operating grants and contributions	72,592	78,370	62,430	-	135,022	78,370
Capital grants and contributions	10,296	-	181,434	91,455	191,730	91,455
General revenues						
Taxes	984,370	419,063	-	360,515	984,370	779,578
Investment and interest income	26,991	23,719	44,638	37,979	71,629	61,698
Pension/OPEB revenues	-	34,350	129,714	53,727	129,714	88,077
Other	8,628	8,008	1,699	318	10,327	8,326
Total revenues	<u>1,651,204</u>	<u>1,086,380</u>	<u>1,331,086</u>	<u>1,371,693</u>	<u>2,982,290</u>	<u>2,458,073</u>
Expenses						
General government	527,391	475,452	-	-	527,391	475,452
Public works	604,964	538,409	-	-	604,964	538,409
Culture and recreation	182,505	82,055	-	-	182,505	82,055
Interest on long-term debt	15,559	13,100	-	-	15,559	13,100
Water	-	-	699,954	665,020	699,954	665,020
Sewer	-	-	493,892	483,216	493,892	483,216
Total expenses	<u>1,330,419</u>	<u>1,109,016</u>	<u>1,193,846</u>	<u>1,148,236</u>	<u>2,524,265</u>	<u>2,257,252</u>
Change in net position before transfers	218,665	(24,396)	239,360	225,217	458,025	200,821
Transfers in (out)	(102,120)	(1,760)	102,120	1,760	-	-
Net position - as originally reported	1,179,300	1,392,550	5,767,847	5,825,298	6,947,147	7,217,848
Restatement related to capital assets	-	(188,854)	-	(282,668)	-	(471,522)
Net position - restated	<u>1,179,300</u>	<u>1,203,696</u>	<u>5,767,847</u>	<u>5,542,630</u>	<u>6,947,147</u>	<u>6,746,326</u>
Net position - Ending	<u>\$ 1,397,965</u>	<u>\$ 1,179,300</u>	<u>\$ 6,007,207</u>	<u>\$ 5,767,847</u>	<u>\$7,405,172</u>	<u>\$ 6,947,147</u>

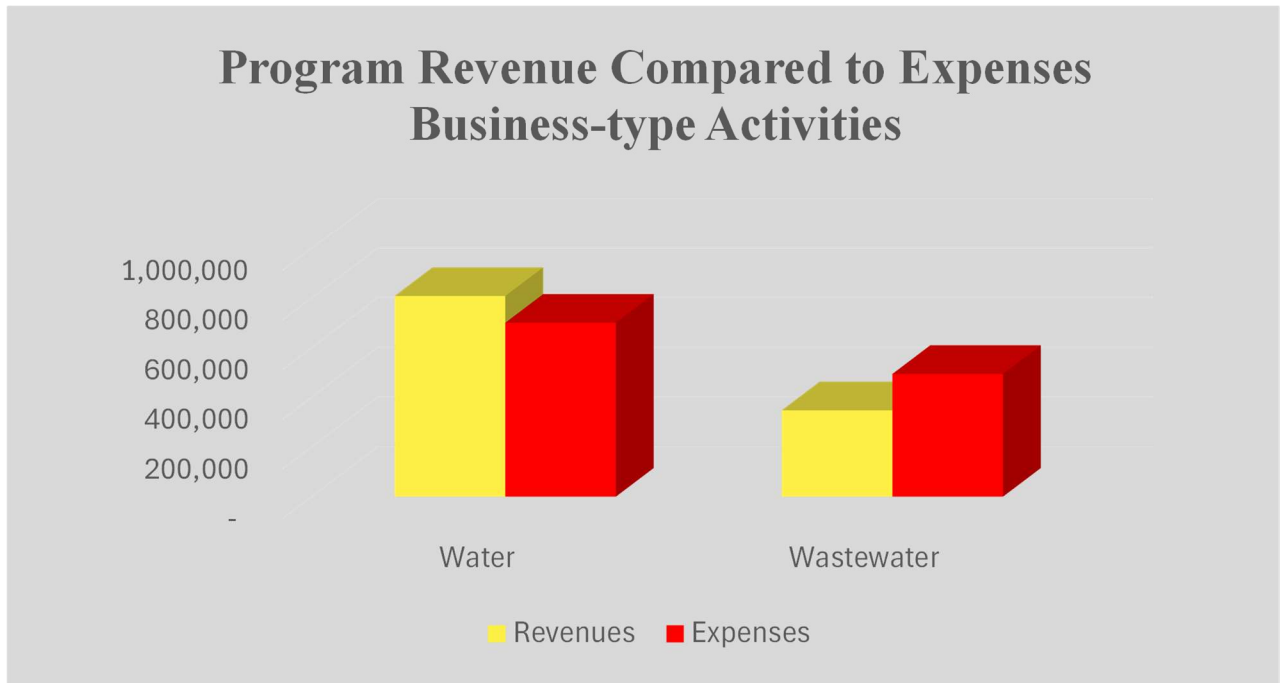
A comparison of program revenues and program expenditures for the Governmental Activities is shown below.



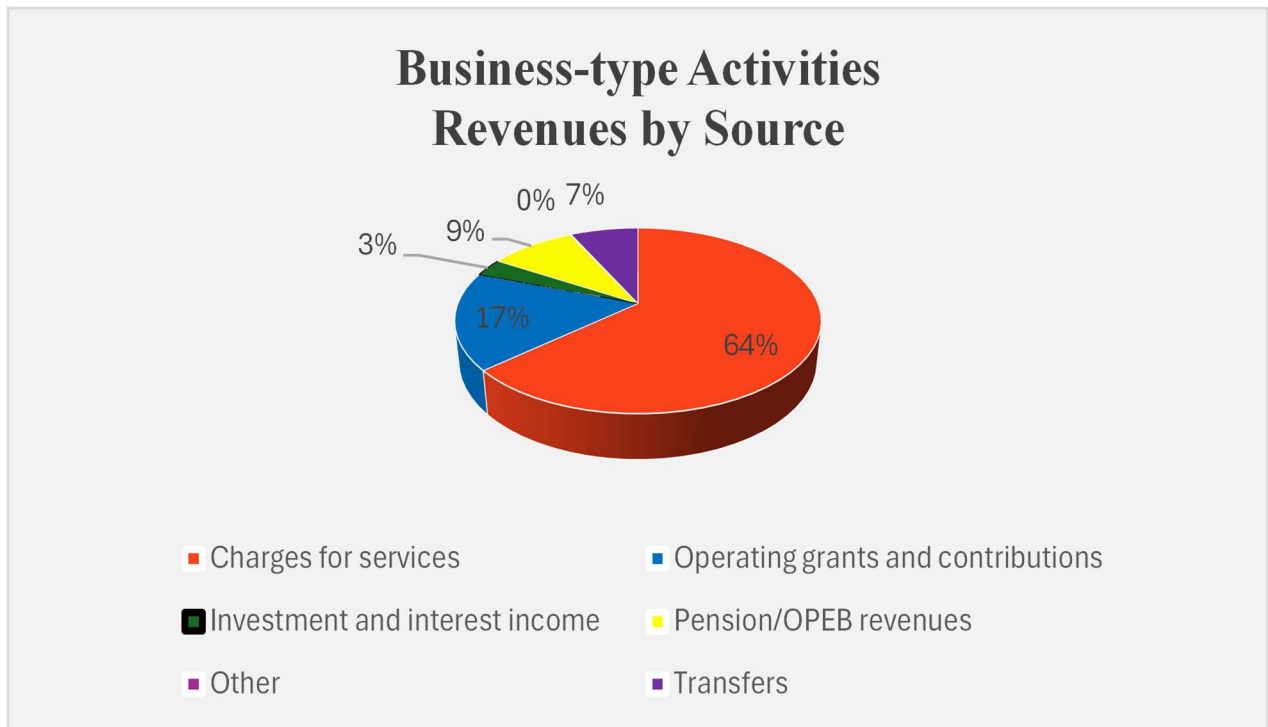
Governmental Activities revenues by source for 2024 are shown below.



A comparison of program revenues and program expenditures for the Business-type Activities is shown below.



Business-type Activities revenues by source for 2024 are shown below.



BUDGETARY HIGHLIGHTS

In 2024 the District underwent a major reorganization of its Chart of Accounts, to update and more accurately reflect its current activities. This has resulted in significant improvements to each fund’s financial statements, making them more useful for budgeting, analysis and

managerial decision making. This overhaul took place after the 2024 budget had been adopted, causing a negative side effect in 2024 whereby a number of line items within the expenditure sections show significantly higher or lower than budgeted. Overall, the District's General Fund operating expenditures came in unfavorable to 2024 budget by \$181,316. These amounts were offset by a favorable variance of \$274,058 in capital outlay Transfers to other funds were in excess of budgeted amounts by \$32,483. In total General Fund expenditures were \$60,259 less than the budget. District wide revenue was favorable by \$191,120. The District expects this to correct itself on the 2025 budget, anticipating the new, more detailed format will have a positive effect on budgeting and variance analysis for years going forward.

The District adopted a supplemental appropriation for the 2024 budget. The major changes in this appropriation increased property taxes and transfers to other funds \$102,120.

The District must maintain a 3% emergency contingency restricted reserve account as part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2024, there was \$49,210 in the General Fund for TABOR reserve.

Detailed statements showing 2024 Budget vs Actual can be found on pages E-1 for the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2024, the District had capital assets totaling \$6,531,059. This is an increase of \$13,475. The significant increases were the continued construction of a generator in the Water Fund and the purchase of several pieces of equipment in Governmental Activities. These additions were offset by the depreciation of the District's capital assets.

At December 31, 2024, the District had total long-term debt totaling \$549,795. This was a decrease of \$14,798. The District did not issue any new debt in 2024. The decrease is due to scheduled payments on debt which was offset by compensated absence increases of \$34,011.

ECONOMIC FACTORS AND 2025 BUDGETS AND RATES

In 2021, pursuant to recommendations from a rate study conducted by an independent expert (Rural Community Assistance Corporation, RCAC), the District adopted Resolution 2021-09 increasing water & wastewater rates 10% in September of each year for the years 2022 through 2025. Subsequently, in 2024, the Board adopted Resolution No. 2024-11 increasing wastewater rates an additional 60%. These rate increases are for the purposes of increasing fund balances in the Water and especially the Wastewater funds to contribute to much needed repairs and improvements to water & wastewater facilities and systems.

For the 2025 budget, revenues are conservatively estimated to decrease from 2024 actual revenues by (\$30,299) in the General Fund, (\$885) in the CTF Fund, (134,702) in the Water Fund and increase \$147,176 in the Wastewater Fund for a total decrease of (\$18,710.)

Operating expenditures are projected to increase (\$92,029) in the General Fund, (\$75,982) in the Water Fund and (\$125.434) in the Wastewater Fund

2025 capital investment is planned at (\$422,665) in the General Fund, (\$447,000) in the Water Fund and (\$24,000) in Wastewater Fund for a District wide increase to capital outlay over 2024 actuals of (\$543,706). Detailed tables on 2024 capital investment can be found on pages D11-12 in the notes to financial statements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, the District may be contacted at:

Forest Lakes Metropolitan District

82 Alpine Forest Dr, Bayfield, CO 81122

(970) 884-2925

www.flmd.com

BASIC FINANCIAL STATEMENTS

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 725,553	\$ 882,117	\$ 1,607,670
Cash with County Treasurer	5,637	-	5,637
Receivables			
Accounts (net of allowance)	29,720	97,647	127,367
Property taxes	933,224	-	933,224
Due from other governments	-	30,318	30,318
Prepaid expenses	24,143	67,023	91,166
Inventory of supplies	70,354	34,845	105,199
Capital assets, not being depreciated			
Land, water rights and construction in progress	564,184	1,114,671	1,678,855
Capital assets, net of accumulated depreciation			
Buildings, equipment and infrastructure	463,724	4,218,020	4,681,744
Right to use assets, net of accumulated amortization			
Equipment	170,460	-	170,460
Total assets	<u>2,986,999</u>	<u>6,444,641</u>	<u>9,431,640</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	175,610	128,667	304,277
Deferred outflows related to OPEB	5,020	3,678	8,698
Total deferred outflows of resources	<u>180,630</u>	<u>132,345</u>	<u>312,975</u>
LIABILITIES			
Accounts payable	53,492	52,218	105,710
Accrued liabilities	13,768	8,357	22,125
Unearned revenue	-	-	-
Amounts owed to the Fiduciary Funds	126,654	-	126,654
Net pension liability	315,140	230,898	546,038
Net OPEB liability	24,360	17,849	42,209
Noncurrent liabilities			
Due within one year	59,075	25,912	84,987
Due in more than one year	236,051	228,757	464,808
Total liabilities	<u>828,540</u>	<u>563,991</u>	<u>1,392,531</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	933,224	-	933,224
Deferred inflows related to pensions	324	237	561
Deferred inflows related to OPEB	7,576	5,551	13,127
Total deferred inflows of resources	<u>941,124</u>	<u>5,788</u>	<u>946,912</u>
NET POSITION			
Net investment in capital assets	715,454	5,117,442	5,832,896
Restricted			
Emergency reserves	49,210	-	49,210
Conservation Trust	43,368	-	43,368
Unrestricted	589,933	889,765	1,479,698
Total net position	<u>\$ 1,397,965</u>	<u>\$ 6,007,207</u>	<u>\$ 7,405,172</u>

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

**FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 527,391	\$ 243,531	\$ -	\$ -	\$ (283,860)	\$ -	\$ (283,860)
Public works	604,964	304,796	72,592	-	(227,576)	-	(227,576)
Culture and recreation	182,505	-	-	10,296	(172,209)	-	(172,209)
Interest on long-term debt	15,559	-	-	-	(15,559)	-	(15,559)
Total governmental activities	<u>1,330,419</u>	<u>548,327</u>	<u>72,592</u>	<u>10,296</u>	<u>(699,204)</u>	<u>-</u>	<u>(699,204)</u>
Business-type activities							
Water	699,954	608,378	62,430	136,774	-	107,628	107,628
Wastewater	493,892	302,793	-	44,660	-	(146,439)	(146,439)
Total business-type activities	<u>1,193,846</u>	<u>911,171</u>	<u>62,430</u>	<u>181,434</u>	<u>-</u>	<u>(38,811)</u>	<u>(38,811)</u>
Total primary government	<u>\$ 2,524,265</u>	<u>\$ 1,459,498</u>	<u>\$ 135,022</u>	<u>\$ 191,730</u>	<u>(699,204)</u>	<u>(38,811)</u>	<u>(738,015)</u>
General revenues:							
Taxes							
Property					912,680	-	912,680
Specific ownership					71,690	-	71,690
Investment earnings					26,991	44,638	71,629
Pension/OPEB revenue					-	129,714	129,714
Other					8,628	1,699	10,327
Transfers					(102,120)	102,120	-
Total general revenues and transfers					<u>917,869</u>	<u>278,171</u>	<u>1,196,040</u>
Change in net position					218,665	239,360	458,025
NET POSITION-BEGINNING OF THE YEAR					1,179,300	5,767,847	6,947,147
NET POSITION-END OF YEAR					<u>\$ 1,397,965</u>	<u>\$ 6,007,207</u>	<u>\$ 7,405,172</u>

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

**FOREST LAKES METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024**

	<u>General</u>	<u>Conservation Trust Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 682,185	\$ 43,368	\$ 725,553
Cash with County Treasurer	5,637	-	5,637
Receivables			
Accounts (net of allowance)	29,720	-	29,720
Property taxes	933,224	-	933,224
Prepaid expenses	24,143	-	24,143
Inventory of supplies	70,354	-	70,354
Total assets	<u>\$ 1,745,263</u>	<u>\$ 43,368</u>	<u>\$ 1,788,631</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 53,492	\$ -	\$ 53,492
Accrued expenses	13,768	-	13,768
Amounts owed to the Fidicuary Funds	126,654	-	126,654
Total liabilities	<u>193,914</u>	<u>-</u>	<u>193,914</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>933,224</u>	<u>-</u>	<u>933,224</u>
FUND BALANCES			
Nonspendable			
Prepaid expenses	24,143	-	24,143
Inventory	70,354	-	70,354
Restricted			
Emergency reserves	49,210	-	49,210
Conservation trust	-	43,368	43,368
Assigned			
For subsequent years expenditures	348,858	-	348,858
Unassigned	149,703	-	149,703
Total fund balances	<u>618,125</u>	<u>43,368</u>	<u>661,493</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,745,263</u>	<u>\$ 43,368</u>	<u>\$ 1,788,631</u>

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

**FOREST LAKES METROPOLITAN DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2024**

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

Total fund balance - Total governmental funds	\$ 661,493
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,198,368
The pension asset, deferred outflows, and differed inflows are not due and payable in the current period and therefore are not recorded in the funds.	(139,854)
The deferred outflows, net OPEB liability, and differed inflows are not due and payable in the current period and therefore are not recorded in the funds.	(26,916)
Noncurrent liabilities, including compensated absences, leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(295,126)</u>
Net position of governmental activities	<u><u>\$ 1,397,965</u></u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2024

	<u>General</u>	<u>Conservation Trust Fund</u>	<u>Totals</u>
REVENUES			
Taxes			
Property	\$ 912,680	\$ -	\$ 912,680
Specific ownership	71,690	-	71,690
Fees	31,453	-	31,453
Intergovernmental	72,592	10,296	82,888
Charges for services	516,874	-	516,874
Net investment income	26,402	589	26,991
Other	8,628	-	8,628
Total revenues	<u>1,640,319</u>	<u>10,885</u>	<u>1,651,204</u>
EXPENDITURES			
Current			
General government	504,017	-	504,017
Public works	505,200	-	505,200
Culture and recreation	172,717	-	172,717
Debt service			
Principal	42,607	-	42,607
Interest	15,559	-	15,559
Capital outlay	78,942	-	78,942
Total expenditures	<u>1,319,042</u>	<u>-</u>	<u>1,319,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>321,277</u>	<u>10,885</u>	<u>332,162</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	32,483	32,483
Transfers out	(134,603)	-	(134,603)
Sale of capital assets	11,000	-	11,000
Total other financing sources (uses)	<u>(123,603)</u>	<u>32,483</u>	<u>(91,120)</u>
NET CHANGE IN FUND BALANCES	197,674	43,368	241,042
FUND BALANCES - BEGINNING OF YEAR	<u>420,451</u>	<u>-</u>	<u>420,451</u>
FUND BALANCES - END OF YEAR	<u>\$ 618,125</u>	<u>\$ 43,368</u>	<u>\$ 661,493</u>

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

**FOREST LAKES METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2024**

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

Net change in fund balances - Total governmental funds		\$ 241,042
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlay</p>		
Capital outlay	78,942	
Depreciation and amortization	<u>(105,243)</u>	(26,301)
<p>The effect of various transactions involving the sale and disposition of capital assets</p>		
Proceeds from the sale of capital assets	(11,000)	
Loss of sale of assets	<u>(9,358)</u>	(20,358)
<p>The issuance of long-term debt (e.g. leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments made		42,607
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	(12,607)	
Pension revenues	342	
OPEB expenses	<u>(6,060)</u>	(18,325)
Change in net position of governmental activities		<u>\$ 218,665</u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	Water Fund	Wastewater Fund	Totals
Current assets			
Cash and investments	\$ 708,578	\$ 173,539	\$ 882,117
Receivables			
Accounts (net of allowance)	66,595	31,052	97,647
Due from other governments	30,318	-	30,318
Prepaid expenses	48,766	18,257	67,023
Inventory of supplies	24,852	9,993	34,845
Total current assets	<u>879,109</u>	<u>232,841</u>	<u>1,111,950</u>
Noncurrent assets			
Capital assets, not being depreciated			
Land, water rights and construction in progress	933,596	181,075	1,114,671
Capital assets, net of accumulated depreciation			
Buildings, equipment and infrastructure	2,521,669	1,696,351	4,218,020
Total noncurrent assets	<u>3,455,265</u>	<u>1,877,426</u>	<u>5,332,691</u>
Total assets	<u>4,334,374</u>	<u>2,110,267</u>	<u>6,444,641</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	84,464	44,203	128,667
Deferred outflows related to OPEB	2,414	1,264	3,678
Total deferred outflows of resources	<u>86,878</u>	<u>45,467</u>	<u>132,345</u>
LIABILITIES			
Current liabilities:			
Accounts payable	41,602	10,616	52,218
Accrued liabilities	5,529	2,828	8,357
Loans payable-current	3,101	3,101	6,202
Compensated absences-current	12,975	6,735	19,710
Total current liabilities	<u>63,207</u>	<u>23,280</u>	<u>86,487</u>
Noncurrent liabilities:			
Loans payable	104,524	104,523	209,047
Compensated absences	12,975	6,735	19,710
Net pension liability	151,574	79,324	230,898
Net OPEB liability	11,717	6,132	17,849
Total noncurrent liabilities	<u>280,790</u>	<u>196,714</u>	<u>477,504</u>
Total liabilities	<u>343,997</u>	<u>219,994</u>	<u>563,991</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	156	81	237
Deferred inflows related to OPEB	3,644	1,907	5,551
Total deferred outflows of resources	<u>3,800</u>	<u>1,988</u>	<u>5,788</u>
NET POSITION			
Net investment in capital assets	3,347,640	1,769,802	5,117,442
Unrestricted	725,815	163,950	889,765
Total net position	<u>\$ 4,073,455</u>	<u>\$ 1,933,752</u>	<u>\$ 6,007,207</u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	Water Fund	Wastewater Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 607,743	\$ 302,793	\$ 910,536
Fees	635	-	635
Total operating revenues	<u>608,378</u>	<u>302,793</u>	<u>911,171</u>
OPERATING EXPENSES			
Source of supply	-	-	-
Water operations	310,339	-	310,339
Wastewater operations	-	232,972	232,972
Administration	269,980	161,847	431,827
Debt service			
Interest	3,879	3,879	7,758
Depreciation	115,756	92,142	207,898
Total operating expenses	<u>699,954</u>	<u>490,840</u>	<u>1,190,794</u>
Operating loss	<u>(91,576)</u>	<u>(188,047)</u>	<u>(279,623)</u>
NON-OPERATING REVENUES (Expenses)			
Pension/OPEB income	60,192	69,522	129,714
Investment income	27,222	17,416	44,638
Intergovernmental	62,430	-	62,430
Loss on sale of capital assets	-	(3,052)	(3,052)
Other	448	1,251	1,699
Total non-operating revenues (expenses)	<u>150,292</u>	<u>85,137</u>	<u>235,429</u>
Income (loss) before capital contributions and transfers	<u>58,716</u>	<u>(102,910)</u>	<u>(44,194)</u>
Contributed capital			
Tap fees	115,000	38,500	153,500
Impact fees	21,774	6,160	27,934
Transfers in	71,066	33,979	105,045
Transfers out	-	(2,925)	(2,925)
Total contributions and transfers	<u>207,840</u>	<u>75,714</u>	<u>283,554</u>
CHANGE IN NET POSITION	266,556	(27,196)	239,360
NET POSITION- BEGINNING OF YEAR	3,806,899	1,960,948	5,767,847
NET POSITION -ENDING	<u>\$ 4,073,455</u>	<u>\$ 1,933,752</u>	<u>\$ 6,007,207</u>

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

FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
December 31, 2024

	Water Fund	Wastewater Fund	Totals
Cash flows from operating activities			
Receipts from customers and users	\$ 601,199	\$ 299,267	\$ 900,466
Payments to suppliers	(280,141)	(207,587)	(487,728)
Payments to employees	(278,192)	(173,389)	(451,581)
Other receipts	448	1,251	1,699
Net cash provided by (used for) operating activities	<u>43,314</u>	<u>(80,458)</u>	<u>(37,144)</u>
Cash flows from noncapital financing activities			
Property and specific ownership taxes	2,487	3,278	5,765
Transfers from other funds	68,141	33,979	102,120
Net cash provided by noncapital financing activities	<u>70,628</u>	<u>37,257</u>	<u>107,885</u>
Cash flows from capital and related financing activities			
Capital contributions	136,774	44,660	181,434
Principal paid on debt	(3,101)	(3,102)	(6,203)
Interest paid on debt	(3,879)	(3,879)	(7,758)
Acquisition of capital assets	(241,017)	-	(241,017)
Capital grants	32,112	-	32,112
Net cash provided by (used for) capital and related financing activities	<u>(79,111)</u>	<u>37,679</u>	<u>(73,544)</u>
Cash flows from investing activities			
Investment income	27,222	17,416	44,638
Net cash provided by investing activities	<u>27,222</u>	<u>17,416</u>	<u>44,638</u>
Net change in cash and equivalents	62,053	11,894	73,947
Cash and equivalents, beginning of year	646,525	161,645	808,170
Cash and equivalents, end of year	<u>\$ 708,578</u>	<u>\$ 173,539</u>	<u>\$ 882,117</u>
Reconciliation of operating loss to net cash from operating activities			
Operating income (loss)	<u>\$ (91,576)</u>	<u>\$ (188,047)</u>	<u>\$ (279,623)</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	115,756	92,142	207,898
Other income	448	1,251	1,699
Interest paid	3,879	3,879	7,758
Changes in operating assets and liabilities			
(Increase) decrease in receivables	(7,179)	(3,754)	(10,933)
(Increase) decrease in prepaid expenses	(32,623)	(2,114)	(34,737)
(Increase) decrease in due to due from other funds	-	228	228
(Decrease) increase in accounts payable	40,811	9,773	50,584
(Decrease) increase in accrued liabilities	13,798	6,184	19,982
Total adjustments	<u>134,890</u>	<u>107,589</u>	<u>242,479</u>
Net cash used by operating activities	<u>\$ 43,314</u>	<u>\$ (80,458)</u>	<u>\$ (37,144)</u>
Noncash investing, capital, and financing activities			
Transactions related to the pension liability	\$ (54,955)	\$ (69,522)	\$ (124,477)
Transactions related to the OPEB liability	(5,237)	(7,666)	(12,903)

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

**FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2024**

	Custodial Funds
	Bond Escrow Fund
ASSETS	
Receivable from the General Fund	\$ 126,654
Total assets	126,654
LIABILITIES	
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 126,654

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

**FOREST LAKES METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2024**

	Custodial Funds
	Bond Escrow Fund
ADDITIONS	\$ -
DEDUCTIONS	-
Net increase (decrease) in fiduciary net position	-
NET POSITION-BEGINNING	126,654
NET POSITION-ENDING	\$ 126,654

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

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - DEFINITION OF REPORTING ENTITY

Forest Lakes Metropolitan District (the District) is a political subdivision located in La Plata County, Colorado. The District was established pursuant to a court order dated July 18, 1973. The District provides maintenance operations for its roads, vehicles and buildings along with water and sanitation facilities to residences within and outside of the District. The District encompasses approximately 1,865 acres consisting of 1,600 parcels with 826 structures and approximately 2,000 residences.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's reporting entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based on this criterion, the District reports no component units nor is it included as a component unit of any government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the more significant policies.

Government-wide and Fund Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of all nonfiduciary activities of the primary government. Balances between the funds included in governmental and business-type activities columns are eliminated so that only the net amount is included as internal balances. Eliminations have been made to minimize the double counting of internal activities of the District. These statements distinguish between governmental and business-type activities of the District. Governmental funds are financed through taxes, intergovernmental revenue, charges for services, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Custodial Fund accounts for assets held by the District in a trustee position. These amounts are bearer bonds related to general obligation bonds from prior years. The District acts as the escrow agent for these bonds.

The statement of net position reports all financial and capital resources of the primary government. This statement also reports the amounts of long-term debt. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, business-type funds and fiduciary funds, Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, the proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and payment of principal for bonds, leases, and compensated absences and are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The District has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, the District considers grant revenues to be available if they are anticipated to be collected within a year after the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, interest and charges for services. All other revenue items are considered measurable and available only when cash is received by the District. Expenditures, other than interest on leases and notes payable, and certain compensated absences, are recorded when the liability is incurred, or the long-term obligation is due.

Major Funds - In the fund financial statements, the District reports the following major governmental fund:

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

The District also reports the following major proprietary funds:

- The *Water Fund* reports transactions related to the District's water wells, treatment facilities and distribution operations.
- The *Wastewater Fund* reports transactions related to the District's Wastewater collection and the treatment operations.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following non-major funds:

Non-Major Funds

- The Conservation Trust Fund, a special revenue fund, accounts for the Conservation Trust Fund revenues from the State of Colorado. These revenues can be used for the costs related to acquisition, development and maintenance of recreational facilities.
- The custodial fund, the *Bond Escrow Fund* is used to account for bearer bonds related to the general obligation bonds from prior years.

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures, which includes other financing uses, and lapse at year end. The District can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The Water and Wastewater Funds' budgets are reported on a non-GAAP basis. Principal amounts related to notes payable, compensated absences and the cost of capital assets are reported budgetary expenditures. Depreciation expense is not included in the budget. The Bond Escrow Fund does not present a budget to actual statement. After consultation with the State of Colorado and GASB, management believes that there is no requirement for custodial funds to adopt a budget.

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

Cash and Investments - The District invests the funds to achieve the best possible return on the investment while ensuring the principal is maintained. Net investment income is allocated to the General, Conservation Trust Fund, Water, and Wastewater Funds. For the purposes of the Statement of Cash Flows, cash and cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value, with the exception of the local government investment pool, which is stated at the net asset value of the shares owned.

Accounts Receivable – Accounts receivable relate to amounts collected in 2025 which the District earned or were entitled to during the 2024 fiscal year. The allowance for doubtful accounts is as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

▪ General Fund	\$ 24,408
▪ Water Fund	8,747
▪ Wastewater Fund	1,943

Prepaid expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventories - Inventories of supplies held for consumption by the General, Water and Wastewater Funds are valued at average cost. The inventory in the General Fund consists of gravel materials for streets and fuel and various parts and supplies. Enterprise fund inventories consist of various parts and supplies. Inventories are reported at the lower of cost or market value.

The cost of inventory is recorded as an expenditure at the time individual inventory items are used.

Reported inventories in the General Fund are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of assets.

Capital Assets - Capital assets, which include property, equipment, and infrastructure (e.g., roads and similar items), and intangibles (e.g., water rights), are reported in the government-wide financial and the proprietary fund statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the District are depreciated using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	10 - 40 years
Utility plant and improvements	20 - 50 years
Machinery, equipment and vehicles	5 - 10 years
Infrastructure	15 - 50 years

Unearned Revenues – Unearned revenues consist of advances received on grants and fees received in advance of performing services which are recognized as revenue when the terms of the grant are fulfilled or the services are performed.

Compensated Absences - The District has a policy that allows employees to accumulate the following amounts:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

- Unused vacation benefits up to a maximum of 80 hours. The District Manager can allow an employee to carryover amounts in excess of 80 hours.
- Unused sick leave benefits up to a maximum of 192 hours, and
- Unused compensatory time up to a maximum of 60 hours.

If an employee terminates in their first year of employment no unused vacation is paid. Compensated absences are accrued when earned. A liability is reported based on an estimate leave to be used for time off or paid.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund financial statements. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures. In the proprietary fund statements, principal payments on the debt reduce the liability in the fund statements.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the year ended December 31, 2024, the District includes \$304,277 of deferred outflows of resources related to pensions and \$8,698 related to OPEB. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period totaling \$933,224, inflows related to pensions \$561 and inflows related to OPEB \$13,127.

Equity - In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental funds report fund balance in five different classifications:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2024 the District had nonspendable fund balance related to prepaid expenses of \$24,143 and inventory totaling \$70,354.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2024, the District has restricted fund balance for TABOR emergency reserves of \$49,210 and unexpended Conservation Trust Funds of \$43,368.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board, as the Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2024, the District has no committed fund balance.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2024, the District had assigned funds for 2025 budgeted appropriations in excess of revenues totaling \$348,858.

Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Property Taxes - Property taxes are levied by the LaPlata County. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to put a tax lien on the individual properties as of January 1 of the following year. The District Treasurer collects the District's taxes during the ensuing calendar year. Taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November. Property taxes levied in the previous year, but collected in subsequent year, are recorded as taxes receivable and a deferred inflow of resources in the year there is an enforceable lien and the amount is measurable. Amounts deferred are subsequently recorded as revenue in the year they were levied for.

Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost sharing multi-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows and inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the NFP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statements Implemented for the Year Ended December 31, 2024

During 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62*. This statement specifies the accounting and financial reporting for accounting changes and error corrections. The Statement also requires certain note disclosures in the financial statements. Finally, the Statement discusses how these changes should be presented in required supplementary information (RSI) and supplementary information (SI) for previous periods.

During the current fiscal year, District also adopted the GASB Statement No. 101, *Compensated Absences*. This statement requires a liability to be reported for leave, both vacation and sick leave, that has been earned and is anticipated to be paid to the employee in the form of paid time off, cash or settled through noncash means. Based on this criteria the District recorded a liability for 100% of vacation and 50% of sick leave earned. A liability is also recorded for salary-related payments. For the District this is Medicare and payments to Colorado PERA.

Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year presentation.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Governmental activities:	
Cash and investments	\$ 725,553
Business-type activities	
Cash and investments	882,117
Total cash and investments.	<u>\$ 1,607,670</u>
Petty cash/amounts on deposit with a third party	\$ 2,696
Cash on deposit	-
Investments	1,604,974
Total cash and investments.	<u>\$ 1,607,670</u>

Deposits with Financial Institutions

Custodial credit risk-deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2024, the District's cash deposits had a bank balance of \$69,197 and a carrying balance of \$0. As of December 31, 2024, all of the District's deposits were covered by the Federal Deposit Insurance Corporation (FDIC).

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District has an investment policy based on Colorado state statutes. The policy does not address the risks related to deposits or investments.

Concentration of credit risk. The District generally limits its concentration of investments to certain local government investment pools, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest rate risk. As of December 31, 2024, the District had the following investments, subject to interest rate risk:

	Weighted Average Maturity	Net Asset Value
COLOTRUST PLUS+	41 days to reset 85 days to maturity	\$ 1,604,974

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The District invests in COLOTRUST PLUS+. The PLUS+ Trust operates similarly to a money market fund and each share is equal in value to \$1.00. This portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST Plus+ is rated AAAM by Standards & Poor’s. COLOTRUST’s PLUS+ does not have any unfunded commitments, redemption restrictions or redemption notice periods.

Fair Value Hierarchy. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs.

As the District’s investments are valued at net asset value, no investments are subject to the fair value hierarchy.

NOTE 4 - TAX, SPENDING AND DEBT LIMITATIONS

In 1992, the Colorado voters approved the “Taxpayers Bill of Rights (TABOR). TABOR requires voter approval of any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue or spending by more than inflation plus a local growth factor. As allowed by C.R.S. 39-1-111.5, local governments may temporarily reduce its mill levy on an annual basis. For tax collections during the year ended December 31, 2024, the District certified a net mill levy of 35.524 mills. The mill levy was reduced by a temporary mill levy rate reduction of 6.585 mills. In future years the District may increase its mill levy rate to 42.109 mills without voter approval.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On May 3, 1994, a majority of the District's electors authorized the District to retain all revenues from any source without limitation including those of TABOR.

The District's management believes it is in compliance with the provisions of the Taxpayer Bill of Rights (TABOR). However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect.

This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statement.

The State Constitution also requires local governments to establish emergency reserves equal to at least 3% of fiscal year spending as defined in the amendment. These emergency reserves cannot be used to compensate for economic conditions, revenue shortfalls or salary and benefit increases. As of December 31, 2024, the amount required as an emergency reserve in compliance with the amendment is \$49,210 and is shown as a restriction in the equity of the General Fund and Governmental Activities.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 is as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 - CAPITAL ASSETS(CONTINUED)

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 564,184	\$ -	\$ -	\$ 564,184
Total capital assets, not being depreciated	564,184	-	-	564,184
Capital assets, being depreciated:				
Buildings	272,452	9,019	-	281,471
Recreational facilities	149,718	-	-	149,718
Machinery and equipment	694,754	69,923	(214,416)	550,261
Infrastructure	276,403	-	-	276,403
Total capital assets, being depreciated	1,393,327	78,942	(214,416)	1,257,853
Less accumulated depreciation for:				
Buildings	(90,208)	(9,551)	-	(99,759)
Recreational facilities	(109,759)	(4,948)	-	(114,707)
Machinery and equipment	(505,963)	(60,809)	194,058	(372,714)
Infrastructure	(201,288)	(5,661)	-	(206,949)
Total accumulated depreciation	(907,218)	(80,969)	194,058	(794,129)
Total capital assets, being depreciated, net	486,109	(2,027)	(20,358)	463,724
Capital assets, net	1,050,293	(2,027)	(20,358)	1,027,908
Right to use assets				
Right to use assets, being amortized:				
Machinery and equipment	265,770	-	-	265,770
Less accumulated amortization for:				
Machinery and equipment	(71,036)	(24,274)	-	(95,310)
Right to use assets, net	194,734	(24,274)	-	170,460
Total capital/right to use assets	<u>\$ 1,245,027</u>	<u>\$ (26,301)</u>	<u>\$ (20,358)</u>	<u>\$ 1,198,368</u>

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

General government	\$ 18,060
Public works	82,767
Culture and recreation	4,416
Total depreciation/amortization expense	<u>\$ 105,243</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The recreation center requires repairs before it can be used. This asset is currently idle. The book value of the building is \$11,440. The District is process of determining whether to repair this building. The carrying value of the asset has not been changed as the result of a possible impairment.

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 555,479	\$ -	\$ -	\$ 555,479
Water rights	90,008	-	-	90,008
Reservoir	247,100	-	-	247,100
Construction in progress	5,850	216,234	-	222,084
Total capital assets, not being depreciated	<u>898,437</u>	<u>216,234</u>	<u>-</u>	<u>1,114,671</u>
Capital assets, being depreciated:				
Buildings	344,997	-	-	344,997
Plant and transmission lines	7,519,108	-	-	7,519,108
Machinery and equipment	608,946	24,783	(84,746)	548,983
Total capital assets, being depreciated	<u>8,473,051</u>	<u>24,783</u>	<u>(84,746)</u>	<u>8,413,088</u>
Less accumulated depreciation for:				
Buildings	(79,644)	(11,016)	-	(90,660)
Plant and transmission lines	(3,569,056)	(155,500)	-	(3,724,556)
Machinery and equipment	(420,164)	(41,382)	81,694	(379,852)
Total accumulated depreciation	<u>(4,068,864)</u>	<u>(207,898)</u>	<u>81,694</u>	<u>(4,195,068)</u>
Total capital assets, being depreciated, net	<u>4,404,187</u>	<u>(183,115)</u>	<u>(3,052)</u>	<u>4,218,020</u>
Total capital assets, net	<u>\$ 5,302,624</u>	<u>\$ 33,119</u>	<u>\$ (3,052)</u>	<u>\$ 5,332,691</u>

Depreciation was charged to functions/programs as follows:

Business-type Activities	
Water	\$ 115,756
Sewer	92,142
Total depreciation/amortization expense	<u>\$ 207,898</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2024. The activity of the District's long-term obligations is as follows:

	December 31, 2023	Additions	Reductions	December 31, 2024	Amounts due in one year
Governmental Activities:					
Debt from direct borrowings and					
Direct placements					
Notes payable-admin building	\$ 110,726	\$ -	\$ 3,101	\$ 107,625	\$ 3,223
Lease liabilities	199,546	-	39,506	160,040	42,122
Compensated absences	14,854	12,607	-	27,461	13,730
	<u>\$ 325,126</u>	<u>\$ 12,607</u>	<u>\$ 42,607</u>	<u>\$ 295,126</u>	<u>\$ 59,075</u>
Business-type Activities					
Debt from direct borrowings and					
Direct placements					
Notes payable-admin building	\$ 221,451	\$ -	\$ 6,202	\$ 215,249	\$ 6,447
Compensated absences	18,016	21,404	-	39,420	19,465
	<u>\$ 239,467</u>	<u>\$ 21,404</u>	<u>\$ 6,202</u>	<u>\$ 254,669</u>	<u>\$ 25,912</u>

Loans Payable

In April, 2023, the District entered into permanent financing for its administration building. Monthly payments of \$1,745 include principal and interest at an annual rate of 3.49% continuing until April 28, 2047. Loan payments are made equally by the General, Water and Wastewater funds. If the District defaults on the loan, the lender may require that all indebtedness is immediately due and payable. The annual requirements to amortize this loan as of December 31, 2024 is as follows:

Year Ending December 31,	Total		Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 9,670	\$ 11,268	\$ 3,223	\$ 3,756	\$ 6,447	\$ 7,512
2026	10,017	10,921	3,339	3,640	6,678	7,281
2027	10,378	10,560	3,459	3,520	6,919	7,040
2028	10,722	10,216	3,574	3,405	7,148	6,811
2029	11,136	9,802	3,712	3,267	7,424	6,535
2030-2034	61,960	42,732	20,653	14,244	41,307	28,488
2035-2039	73,938	30,754	24,646	10,251	49,292	20,503
2040-2044	88,225	16,467	29,408	5,489	58,817	10,978
2045-2047	46,828	2,026	15,611	675	31,217	1,351
	<u>\$ 322,874</u>	<u>\$ 144,746</u>	<u>\$ 107,625</u>	<u>\$ 48,247</u>	<u>\$ 215,249</u>	<u>\$ 96,499</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Lease Liability

The District is the lessee for a certain equipment. The District recognizes a lease liability and an intangible right-to-use-lease asset in the government-wide statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term including any purchase option price that the District is reasonably certain to exercise. Subsequently the lease liability is reduced by the principal portion of the lease payments made.

The right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over shorter of the lease term or the assets estimated useful life.

On July 26, 2001, the District entered into a lease for a motor grader. Quarterly payments of \$9,653 with interest at 3.69% were due through July 26, 2023 with a final payment of \$210,999. In August, 2023, the District entered into a second lease for this equipment. Under this lease quarterly payments of \$12,797, which includes an annual interest rate of 6.49%, are due through May 29, 2028 at which time the District can purchase the motor grader for 92 cents. Payments for this lease are made by the General Fund.

With the implementation of GASB Statement 87 *Leases*, the District recorded a right to use asset and a lease liability of \$255,475. At December 31, 2024, the net book value of the right to use asset is \$170,460. The District will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position. For this lease the interest rate was known. The lease term includes the noncancellable period of the lease.

The annual requirements to amortize this lease as of December 31, 2024 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 42,122	\$ 9,064	\$ 51,186
2026	44,912	6,274	51,186
2027	47,886	3,300	51,186
2028	25,120	473	25,593
	<u>\$ 160,040</u>	<u>\$ 19,111</u>	<u>\$ 179,151</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 - NET POSITION

As also described in Note 2, net position in the Government-wide Statement of Net Position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments.

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had a net investment in capital assets for the governmental activities of \$715,454 and the business type activities of \$5,117,442.

NOTE 8 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO

Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description - Eligible employees of the District are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2023 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

It is possible for employees participating in the LGDTF to be earning service credit under the DPS benefit structure. In all cases the service retirement benefit is limited to 100% of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For Safety Officers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Contributions provisions as of December 31: Eligible employees of, the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2024 through December 31, 2024 are 9.00% for all employees other than Safety Officers. The District has no Safety Officers. These contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees other than Safety Officers are summarized in the table below:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

	January 1, 2024 Through December 31, 2024
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Automatic Adjustment Provision (AAP) as specified in C.R.S. § 24-51-413	1.00%
Additional Contribution Supplement as specified in C.R.S. § 24-51-401 and § 24-51-415	0.08%
Total employer contribution rate to the LGDTF	4.78%

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts for Safety Officers to the LGDTF, as follows:

	January 1, 2024 Through December 31, 2024
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%
Additional Contribution Supplement as specified in C.R.S. § 24-51-401 and § 24-51-415	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%
Total employer contribution rate to the LGDTF	5.03%

These contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$108,351 for the year ended December 31, 2024.

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

The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The District proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers.

At December 31, 2024, the District reported a liability of \$546,038 for its proportionate share of the net pension liability.

At December 31, 2023, the District's proportion was 0.0744%, which was an increase of .003% of from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized pension income of \$117,153. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 29,550	\$ 561
Difference Between Projected and Actual Investment Earnings	159,445	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	6,931	-
Contributions Subsequent to the Measurement Date	108,351	-
Totals	<u>\$ 304,277</u>	<u>\$ 561</u>

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

\$108,351 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year Ended December 31,	
2024 reported fiscal year 2025	\$ 37,283
2025 reported fiscal year 2026	67,528
2026 reported fiscal year 2027	134,475
2027 reported fiscal year 2028	(43,921)
Totals	\$ 195,365

Actuarial assumptions - The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.20%-11.30%
Safety Officers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Post-retirement non-disabled mortality assumptions for members other than Safety Officers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

Males: 97% of the rates for all ages, with generational projection using scale MP-2019.

Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.6%
Fixed Income	23.00%	1.3%
Private Equity	8.50%	7.1%
Real Estate	8.50%	4.4%
Alternatives	6.00%	4.7%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Discount rate - The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were \$24.967 million and \$1.033 million, respectively. As a result of these transactions, for the year ended December 31, 2024, the District’s pension expense, was reduced \$18,572.
- Based on the above assumptions and methods, the LGDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,070,293	\$ 546,038	\$ 106,887

Pension plan fiduciary net position. Detailed information about the LGDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended December 31, 2024, program members contributed \$3,368.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from The District were \$7,478 for the year ended December 31, 2024,

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

At December 31, 2024, the District reported a liability of \$42,209 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0059%, which was an increase of .00022% from its proportion measured as of December 31, 2022.

For the year ended, December 31, 2024 the District recognized OPEB income of \$6,843. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions or Other Inputs	\$ 496	\$ 4,476
Difference Between Projected and Actual Investment Earnings	1,305	-
Difference Between actual and expected experience	-	8,651
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	(581)	-
Contributions Subsequent to the Measurement Date	7,478	-
Totals	<u>\$ 8,698</u>	<u>\$ 13,127</u>

\$7,478 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

<u>For the Plan Year Ended December 31,</u>	
2024 reported fiscal year 2025	\$ (5,230)
2025 reported fiscal year 2026	(2,811)
2026 reported fiscal year 2027	(1,079)
2027 reported fiscal year 2028	(2,413)
2027 reported fiscal year 2029	(422)
Thereafter	48
Totals	<u>\$ (11,907)</u>

Actuarial assumptions - The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	3.20%-11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

Males: 97% of the rates for all ages, with generational projection using scale MP-2019.

Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 41,008	\$ 42,209	\$ 43,527

¹For the January 1, 2024, plan year.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount rate - The discount rate used to measure the TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively. As a result of these transactions, for the year ended December 31, 2024, the District's OPEB expense, was reduced \$61.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 49,854	\$ 42,209	\$ 35,668

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES

Interfund transfers for the year ended December 31, 2024 are as follows:

Transfers Out	Transfers In			Total
	Conservation Trust Fund	Water Fund	Wastewater Fund	
General Fund	\$ 32,483	\$ 68,141	\$ 33,979	\$ 134,603
Wastewater	-	2,925	-	2,925
	<u>\$ 32,483</u>	<u>\$ 71,066</u>	<u>\$ 33,979</u>	<u>\$ 134,603</u>

During 2024, the District changed the way property tax revenues were recorded. In prior years property tax revenues were allocated to the General, Water, and Wastewater Funds. In 2024 all of the property tax revenues were recorded in the General Fund. The General Fund transferred the amount of 2024 property tax revenue which was budgeted in the Water and Wastewater Fund. During 2024, the Wastewater Fund transferred certain assets to the Water Fund. This transfer of \$2,925 records that transaction.

At December 31, 2024 the following amounts were owed by the General Fund to the Fiduciary Funds:

	Amounts Owed to	Amounts Due From
General	\$ -	\$ 126,654
Fiduciary Bond Fund	126,654	-
	<u>\$ 126,654</u>	<u>\$ 126,654</u>

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of, assets; errors or omissions; injuries to employees, or acts of God. The District is a member of the Colorado Special District Property and Liability Pool (Pool). The District is also a member of Colorado Special District workers compensation pool.

The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. Any excess funds, which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Any settled claims are not expected to exceed coverage.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13 - COMMITMENTS

At December 31, 2024, the District ordered a snowplow with a cost of \$308,664.81. The vehicle will be purchased in the General Fund.

During 2025, the District anticipates completing the generator project. The District estimates that this project will cost an additional \$97,000. The completion of the generator project will be paid by the water fund.

Both of these items are included in the District's budget for the year ending December 31, 2025. The District will use current resources to pay for both capital items.

REQUIRED SUPPLEMENTARY INFORMATION

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
Property	\$ 682,776	\$ 784,897	\$ 910,820	\$ 125,923
Specific ownership	72,000	72,000	71,690	(310)
Penalties and interest	500	500	1,860	1,360
Intergovernmental				
Highway Users Tax	65,000	65,000	72,592	7,592
State lottery proceeds	10,000	-	-	-
Charges for service				
Roads	283,000	283,000	283,023	23
Trash	169,000	169,000	165,412	(3,588)
Mail box	48,500	48,500	49,695	1,195
Late Fees	11,202	11,202	18,744	7,542
Fees				
Impact	4,100	4,100	21,773	17,673
Land transfer	4,000	4,000	7,975	3,975
Permit		-	1,705	1,705
Investment income	10,000	10,000	26,402	16,402
Sale of capital assets	5,000	5,000	11,000	6,000
Miscellaneous	3,000	3,000	8,628	5,628
Total revenues	<u>1,368,078</u>	<u>1,460,199</u>	<u>1,651,319</u>	<u>191,120</u>
EXPENDITURES				
Current				
Public works	459,187	459,187	505,200	(46,013)
Recreation	55,567	55,567	172,717	(117,150)
General and administrative	498,047	498,146	504,017	(5,871)
Debt service				
Principal	18,000	36,177	42,607	(6,430)
Interest	8,043	9,707	15,559	(5,852)
Capital outlay	353,000	353,000	78,942	274,058
Total expenditures	<u>1,391,844</u>	<u>1,411,784</u>	<u>1,319,042</u>	<u>92,742</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,766)</u>	<u>48,415</u>	<u>332,277</u>	<u>283,862</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(102,120)	(134,603)	(32,483)
Total other financing sources (uses)	<u>-</u>	<u>(102,120)</u>	<u>(134,603)</u>	<u>(32,483)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (23,766)</u>	<u>\$ (53,705)</u>	<u>197,674</u>	<u>\$ 251,379</u>
FUND BALANCES - BEGINNING OF YEAR			<u>420,451</u>	
FUND BALANCES - END OF YEAR			<u>\$ 618,125</u>	

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
December 31, 2024

Reporting fiscal year Measurement date	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Proportion of the net pension liability (asset)	0.074388%	0.070524%	0.080080%	0.078448%	0.077782%	0.070885%	0.071847%	0.083632%	0.082377%	0.078532%	0.081479%
Proportionate share of the net pension liability (asset)	\$ 546,038	\$ 707,053	\$ (68,857)	\$ 408,814	\$ 568,887	\$ 891,179	\$ 803,397	\$ 1,130,754	\$ 907,444	\$ 703,892	\$ 670,512
Covered payroll	\$ 653,511	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738	\$ 467,834	\$ 430,322	\$ 434,700
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	83.55%	120.08%	-11.51%	74.03%	106.21%	191.68%	177.26%	233.27%	193.97%	163.57%	154.25%
Plan fiduciary net position as a percentage of the total pension liability	64.37%	82.99%	101.50%	90.88%	86.26%	75.96%	79.37%	76.65%	76.87%	80.72%	81.00%

**FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
December 31, 2024**

Reporting fiscal year	Reporting Fiscal Year										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 108,351	\$ 89,793	\$ 77,722	\$ 78,865	\$ 71,609	\$ 67,919	\$ 58,953	\$ 57,471	\$ 61,465	\$ 59,321	\$ 54,565
Contributions in relation to the contractually required contribution	\$ (108,351)	\$ (89,793)	\$ (77,722)	\$ (78,865)	\$ (71,609)	\$ (67,919)	\$ (58,953)	\$ (57,471)	\$ (61,465)	\$ (59,321)	\$ (54,565)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 733,088	\$ 653,511	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738	\$ 467,834	\$ 430,322
Contributions as a percentage of covered payroll	14.78%	13.74%	13.20%	13.18%	12.97%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

Note 1 - SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION 2023 CHANGES IN PLAN PROVISIONS SINCE 2022

As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$24.967 million and \$1.033 million, respectively. As a result of these transactions, for the year ended December 31, 2024, the District's pension expense, was reduced \$18,572.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

Note 2 - SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSETS)
December 31, 2024

Reporting fiscal year Measurement date	<u>2024</u> <u>(2023)</u>	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>
Proportion of the net OPEB liability	0.005914%	0.005696%	0.006224%	0.000000%	0.005957%	0.005497%	0.005583%	0.006420%
Proportionate share of the net OPEB liability (asset)	\$ 42,209	\$ 46,510	\$ 53,672	\$ 56,859	\$ 66,958	\$ 74,791	\$ 72,555	\$ 83,236
Covered payroll	\$ 733,088	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	5.76%	7.90%	8.97%	10.30%	12.50%	16.09%	16.01%	17.17%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Note: The District implemented GASB 75 in 2016. Ten year trend information will be reported when it is available.

**FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
December 31, 2024**

Reporting fiscal year	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 7,477	\$ 6,666	\$ 5,896	\$ 6,103	\$ 5,644	\$ 5,464	\$ 4,742	\$ 4,623	\$ 4,944
Contributions in relation to the contractually required contribution	\$ (7,477)	\$ (6,666)	\$ (5,896)	\$ (6,103)	\$ (5,644)	\$ (5,464)	\$ (4,742)	\$ (4,623)	\$ (4,944)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 733,088	\$ 653,511	\$ 588,803	\$ 598,371	\$ 552,199	\$ 535,641	\$ 464,932	\$ 453,241	\$ 484,738
Contributions as a percentage of covered payroll	1.02%	1.02%	1.00%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Note: The District implemented GASB 75 in 2016. Ten year trend information will be reported when it is available.

FOREST LAKES METROPOLITAN DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

Note 1 - SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION 2023 CHANGES IN PLAN PROVISIONS SINCE 2022

As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively. As a result of these transactions, for the year ended December 31, 2024, the District's OPEB expense, was reduced \$61.

Note 2 - SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
WATER ENTERPRISE FUND
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services				
Water connection fees	\$ 7,750	\$ 7,750	\$ 21,350	\$ 13,600
Water sales	549,866	549,866	524,769	(25,097)
Water sales, out of district	11,000	11,000	20,041	9,041
Availability fees	43,000	43,000	41,583	(1,417)
Fees				
Late fees	2,500	2,500	-	(2,500)
Land transfer fees	1,800	1,800	-	(1,800)
Water impact fees	8,000	8,000	21,774	13,774
Disconnect/reconnect fees	-	-	635	635
Taxes				
Property	68,142	-	-	-
Penalties and interest	-	-	-	-
Tap fees	42,500	42,500	115,000	72,500
Net investment income	15,000	15,000	27,222	12,222
Other income	-	-	448	448
Transfers in	-	-	71,066	71,066
Intergovernmental	-	-	62,430	62,430
Pension/OPEB revenue	-	-	60,192	60,192
Total revenues	749,558	681,416	966,510	285,094
EXPENDITURES				
Water operations	322,834	322,834	310,339	12,495
Administration	260,776	260,775	269,980	(9,205)
Debt service				
Principal	12,348	-	3,101	(3,101)
Interest	5,532	4,368	3,879	489
Capital outlay	259,125	259,125	241,017	18,108
Total expenditures	860,615	847,102	828,316	18,786
NET CHANGE IN FUND BALANCE-NON GAAP	\$ (111,057)	\$ (165,686)	138,194	\$ 303,880
PERSPECTIVE DIFFERENCES				
Principal payments			3,101	
Capital outlay			241,017	
Depreciation expense			(115,756)	
TOTAL PERSPECTIVE DIFFERENCES			128,362	
NET CHANGE IN FUND BALANCE-GAAP BASIS			266,556	
NET POSITION- BEGINNING OF YEAR			3,806,899	
FUND BALANCE - END OF YEAR			\$ 4,073,455	

FOREST LAKES METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
WASTEWATER ENTERPRISE FUND
Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services				
Wastewater connection fees	\$ 1,200	\$ 1,200	\$ 1,700	\$ 500
Wastewater treatment sales	268,387	268,387	261,720	(6,667)
Wastewater out of District	6,000	6,000	14,530	8,530
Availability fees	25,000	25,000	24,843	(157)
Fees				
Late fees	3,000	3,000	-	(3,000)
Land transfer fees	1,500	1,500	-	(1,500)
Wastewater impact fees	1,200	1,200	6,160	4,960
Taxes				
Property	33,979	-	-	-
Tap fees	25,500	25,500	38,500	13,000
Net investment income	8,000	8,000	17,416	9,416
Other Income	-	-	1,251	1,251
Transfers in	-	-	33,979	33,979
Pension/OPEB revenue	-	-	69,522	69,522
Total revenues	<u>373,766</u>	<u>339,787</u>	<u>469,621</u>	<u>129,834</u>
EXPENDITURES				
Wastewater transmission and collection	215,582	215,582	232,972	(17,390)
Administration	190,069	228,069	161,847	66,222
Debt service				
Principal	5,292	-	3,102	(3,102)
Interest	2,373	1,873	3,879	(2,006)
Capital outlay	45,000	45,000	-	45,000
Loss on sale of capital assets	-	-	3,052	(3,052)
Transfers out	-	-	2,925	(2,925)
Total expenditures	<u>458,316</u>	<u>490,524</u>	<u>407,777</u>	<u>82,747</u>
NET CHANGE IN FUND BALANCE-NON GAAP	<u>\$ (84,550)</u>	<u>\$ (150,737)</u>	61,844	<u>\$ 212,581</u>
PERSPECTIVE DIFFERENCES				
Principal payments			3,102	
Depreciation expense			(92,142)	
TOTAL PERSPECTIVE DIFFERENCES			<u>(89,040)</u>	
NET CHANGE IN FUND BALANCE-GAAP BASIS			(27,196)	
NET POSITION- BEGINNING OF YEAR			<u>1,960,948</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,933,752</u>	