

VILLAGE EAST METROPOLITAN DISTRICT NO. 3

2022 ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Service Plan for Village East Metropolitan District No. 3 (the “**District**”), the District is required to provide an annual report to the with regard to the following matters:

For the year ending December 31, 2022, the District make the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

None.

2. Intergovernmental Agreements entered into or terminated.

See **Exhibit A.**

3. Access information to obtain a copy of rules and regulations adopted by the board.

The District’s rules and regulations can be found on its website <https://villageeastmetro3.com/>

4. A summary of litigation involving public improvements owned by the District.

To our actual knowledge, based on review of the court records in Weld County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2022.

5. Status of the construction of public improvements by the District.

All public improvements serving the District were completed in 2017. No new public improvements are planned to be constructed.

6. A list of facilities or improvements constructed by the District there were conveyed or dedicated to the county or municipality.

All public improvements serving the District were completed and conveyed in 2017. No new public improvements are planned to be constructed.

7. The final assessed valuation of the District as of December 31st of the reporting year.

See **Exhibit D.**

8. A copy of the current year’s budget.

A copy of the 2023 Budget is attached hereto as **Exhibit B.**

- 9. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2022 Audit is attached hereto as **Exhibit C**.

- 10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.**

None.

- 11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

None.

Service Plan Requirements

Pursuant to the Consolidated Service Plan for the Village East Metropolitan District Nos. 1-3 , in accordance with §32-1-207(3)(c), C.R.S., and in accordance with the requirements set forth in the Windsor Municipal Code, the Village East Metropolitan District No. 3 (the “District”) is required to submit an annual report with the Town Clerk of the Town of Windsor not later than September 1st of each year following the year in which the Order and Decree creating the District has been issued by the District Court in and for the County of Weld, Colorado. This report contains information relating to the following matters of the District that occurred in 2022:

- 1. A narrative summary of the progress of the Districts in implementing the Service Plan for the report year;**

All public improvements serving the District were completed in 2017. No new public improvements are planned to be constructed. The District continues to maintain landscaping and operating a non-potable water system within the District. The District also continues to retire its debt.

- 2. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the Districts for the report year including a statement of financial condition (*i.e.*, balance sheet) as of December 31 of the report year and the statement of operations (*i.e.*, revenues and expenditures) for the report year;**

The 2022 Audit for the District is attached hereto as **Exhibit C**.

- 3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year;**

See attached copies of the District's 2023 Budget as **Exhibit B**.

- 4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to debt retirement in the report year; and**

See attached copies of the District's 2023 Budget as **Exhibit B**.

Assessed Valuation of all taxable property within the District for the report year, as certified by the Weld County Assessor:

Village East MD No. 3	\$4,772,670
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EXHIBIT A
Intergovernmental Agreement

**INTERIM INTERGOVERNMENTAL AGREEMENT CONCERNING
DISTRICT NON-POTABLE WATER INFRASTRUCTURE OWNERSHIP,
OPERATIONS AND MAINTENANCE OBLIGATIONS**

THIS INTERIM INTERGOVERNMENTAL AGREEMENT CONCERNING DISTRICT NON-POTABLE WATER INFRASTRUCTURE OWNERSHIP, OPERATIONS AND MAINTENANCE OBLIGATIONS (the “Agreement”) is made and entered into to be effective this SEPTEMBER 1, 2022 by and between VILLAGE EAST METROPOLITAN DISTRICT NO. 1 (“District No. 1”), a quasi-municipal corporation and a political subdivision of the State of Colorado, VILLAGE EAST METROPOLITAN DISTRICT NO. 2 (“District No. 2”), a quasi-municipal corporation and a political subdivision of the State of Colorado, and VILLAGE EAST METROPOLITAN DISTRICT NO. 3 (“District No. 3”), a quasi-municipal corporation and a political subdivision of the State of Colorado. Collectively these entities may be referred to individually a “Party” or “District” or collectively as the “Parties” or the “Districts.”

RECITALS

WHEREAS, the Districts are duly organized and existing under and pursuant to the constitution and laws of the State of Colorado and the Consolidated Service Plan (the “Service Plan”) approved by the Town of Windsor (the “Town”) on August 25, 2008 and as may be amended from time to time; and

WHEREAS, the Districts were formed for the purpose of providing certain public improvements and services to and for the benefit of the development commonly known as Village East (the “Village East Subdivisions”) in accordance with Article 1, Title 32, Colorado Revised Statutes (the “Special District Act”) and pursuant to the Service Plan; and

WHEREAS, the Districts were organized pursuant to the Act to provide for the funding, financing, construction, installation, acquisition, ownership, operation, administration and maintenance of certain public infrastructure improvements and services, including but not limited to street improvements, storm drainage facilities, street landscaping, signals and signage, potable and non-potable water systems, sanitary sewer collection systems, park and recreation facilities, mosquito and pest control and other infrastructure within and without their respective Districts’ boundaries (collectively, the “Public Improvements”), as authorized by the Town, the Districts’ Service Plan, and as otherwise authorized under applicable law; and

WHEREAS, pursuant to Article XIV, Section 18(2)(a) of the Colorado Constitution, and Section 29-1-201, et seq., C.R.S., the Districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each District; and

WHEREAS, the Districts were organized with the approval of the Town of Windsor, State of Colorado, and with the approval of their respective electors, fully contemplating cooperation between the Districts as provided in the Service Plan, and fully contemplating execution of this Agreement; and

WHEREAS, District No. 3 developed before District No. 1 and District No. 2 and has already financed the construction of, and acquired the non-potable water system improvements

necessary to serve its development and subdivision including water rights, wells, pump houses and irrigation lines (the “District No. 3 Non-Potable System”), and has water resources and well systems which were contemplated to serve the Village East Subdivisions, including the areas within the District No. 1 and District No. 2 service areas; and

WHEREAS, the developer in District No. 1 and District No. 2 is undertaking construction of additional non-potable water improvements, facilities and systems which, upon completion and consolidation with the current District No. 3 Non-Potable System (collectively, the “Non-Potable System”) will result in efficiencies between the entirety of the Village East Subdivisions, all of which also require administration, operations and maintenance of the infrastructure, pump and pressurization and distribution systems and maintenance of wells, water rights and resources; and

WHEREAS, the Districts desire to enter into an agreement to provide for the joint ownership of the Non-Potable System, and its operation and maintenance, for the benefit of the Districts; and

WHEREAS, the Districts acknowledge that the developer of District No. 1 and District No. 2 is in the process of forming additional special districts for the purpose of providing services to property that is currently within District No. 1 or District No. 2, and upon formation and any associated boundary adjustments, it is anticipated that such new districts will also need non-potable water service; and

WHEREAS, the Districts desire to set forth herein the initial terms and conditions upon which the Non-Potable System will be financed, funded, constructed, owned, operated and maintained and for other purposes.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts hereby agree as follows:

1. **Funding of Capital Costs.** Except as may be specifically agreed upon by all of the above referenced Districts, no District shall be contractually obligated to the other to incur any indebtedness, impose and collect any *ad valorem* property taxes, remit the proceeds of any indebtedness or any *ad valorem* taxes or fees, or otherwise provide for the funding of the construction of the Non-Potable System from the date of this Agreement. Each District shall be responsible for the construction of that portion of the Non-Potable System needed to serve its respective District. In other words, any non-potable water system public improvements necessary to serve District No. 1 or District No. 2 shall be financed and funded independently from District No. 3. Notwithstanding the foregoing, or any other provisions contained herein, it is acknowledged that the Service Plan, as may be amended from time to time, anticipates that the Districts will cooperate to provide for any operation of existing improvements and/or maintenance of Public Improvements necessary to serve development within their common service area and, therefore, the Districts may, each in their own sole discretion, determine to provide such funding and other services as are necessary to provide for the financing, construction, operation and maintenance of the Public Improvements in such manner as may be deemed most efficient and effective to implement the objectives of the Service Plan, in all cases subject to the limitations of

the Service Plan, as may be amended from time to time.

2. **Connection and Ownership and Operation of Non-Potable System.** It is acknowledged that the District No. 3 Non-Potable System was previously funded by District No. 3 and is presently owned and operated by District No. 3. Upon completion of additional non-potable water improvements to serve District No. 1 and District No. 2, it is the intent of the Districts to allow such improvements to connect to the District No. 3 Non-Potable System and that the Non-Potable System shall become jointly owned, operated and maintained by the Districts.

- a. Upon completion of non-potable water improvements to serve District No. 1 and No. 2, District No. 3 hereby agrees to allow such improvements to connect to the District No. 3 Non-Potable System and to receive non-potable water service through the District No. 3 Non-Potable System. Upon dedication and acceptance of such non-potable water improvements by District No. 1 and/or District No. 2, the Districts agree to enter into such agreements, and execute such bills of sale or other instruments as may be necessary to allow the Districts to jointly own the Non-Potable System.
- b. Each of the Districts shall be responsible at its own cost for maintaining that portion of the Non-Potable System located within its boundaries in accordance with such written guidance (including operating policies and procedures, and minimum maintenance standards) as may be agreed upon among the Districts. Operation of the Non-Potable System shall include obtaining necessary insurance for the Non-Potable System, in the manner determined appropriate by the Districts and in compliance with applicable law, and providing such other specific services as may be set forth in a writing executed by the parties hereto. Until such time as any such guidance is provided, each District shall ensure that the Non-Potable System is maintained in a manner that will not impede any other District from receiving adequate non-potable water service through the Non-Potable System. In the future, the Districts may designate one of the Districts as an "operating district", and it is anticipated that the Districts shall amend this Agreement to establish the terms and conditions by which an operating district shall operate and maintain the Non-Potable System.
- c. Each of the Districts shall have the right to access those portions of the Non-Potable System that are necessary to ensure the proper function of the Non-Potable System, including the wells and pumphouses. If any interruption of service is anticipated in order to repair or maintain any portion of the Non-Potable System, the District initiating such interruption shall give prior notice to the other Districts.
- d. The Districts shall not sell, transfer, convey or otherwise encumber any portion of the Non-Potable System without the prior written consent of the other Districts
- e. Any revenues arising from, or payable as a result of, the Non-Potable

System, shall constitute the property of the respective District.

3. **Joint Ownership and Operations of Existing Well and Water Rights.** It is the intent of the Parties to provide non-potable water service to all properties within the Village East Subdivisions. The owners and developers of the land have previously provided and conveyed sufficient water rights to serve the property in all of the Districts with the existing wells and Non-Potable System. As such, the water rights are available to the entire Village East Subdivision. The intent of the Districts is to provide for the long term ownership, operation and maintenance of a system for all of the owners and residents within the Village East Subdivisions. Costs and expenses related to the water rights, well operations and maintenance and any related improvements, shall be shared between the Districts on a prorata basis based upon each District's number lots and/or single family equivalent units ("SFE's") which are connected to and receive non-potable water service. In other words, operations for well, water and non-potable water system costs and expenses shall be split between the Districts based upon each District's usage. So long as each District pays its proportionate share of costs and expenses for ownership, operations and maintenance of the water rights, wells and Non-Potable System costs, this Agreement shall be in place and effective, and the Districts shall jointly own, operate and manage the existing well, water rights and any related augmentation rights (if applicable).

4. **Establishment of Water and Service Rates.** The Water and Service Rates shall be established at the effective date of this Agreement and reviewed by all Districts on an annual basis at the time of budget review and approval. Each District shall discuss and provide their respective District Boards of Directors a proposed budget by October 15 of each year, with approval of the budget by December 15 so each District can finalize its budget and allocate their respective share of the costs and expenses of maintaining the shared water and water system. Additionally, each District agrees to appropriate, on an annual basis the funds necessary to pay their share of operating and maintenance costs of the water rights, wells and improvements based upon each District's SFE's utilizing the shared non-potable water system.

5. **Outstanding Capital Costs.** It is acknowledged that each District shall be responsible for the payment of the costs of their respective improvements outstanding under each District's Developer Reimbursement/Acquisition Agreements applicable to each respective District. No District shall be responsible for another District's capital costs and expenditures or debt obligations.

6. **No Unintended Third Party Beneficiaries.** Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, any rights, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all of the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the parties shall be for the sole and exclusive benefit of the parties. The covenants, terms, conditions, and provisions contained herein shall inure to and be binding upon the representatives, successors, and permitted assigns of the parties hereto. This Agreement is not intended to create any third-party beneficiaries, implied trusts, or similar implied agreements, nor may the provisions hereof be enforced by any person or entity not a party hereto, including without limitation, the owners of bonds issued by the Districts.

7. **Severability.** If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

8. **Amendment.** This Agreement may be amended from time to time by agreement between the parties hereto; provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the parties unless the same is in writing and duly executed by the parties hereto.

9. **Further Assurances.** Each Party shall execute and deliver to the others all such other further instruments and documents as may be reasonably necessary or requested by another Party to confirm or clarify the intent of the provisions of this Agreement, and to carry out and effectuate this Agreement in order to provide and secure to the other Parties the full and complete enjoyment of their rights and privileges under this Agreement.

10. **Authority.** The signatories to this Agreement affirm and warrant that they are fully authorized to enter into and execute this Agreement, and all necessary actions, notices, meetings and/or hearings pursuant to any law required to authorize their execution of this Agreement have been made.

11. **Compliance with the Law.** The District shall comply with all federal, state and local laws and regulations in the performance of the obligations under this Agreement.

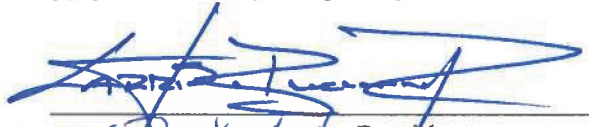
12. **Headings.** The paragraph headings herein are for the convenience and reference of the parties and are not intended to define or limit the scope or intent of this Agreement.

13. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement.

[signature pages to follow]


IN WITNESS WHEREOF, the Districts have executed this Agreement to be effective on the date written above.

VILLAGE EAST
METROPOLITAN DISTRICT NO. 1

By: 

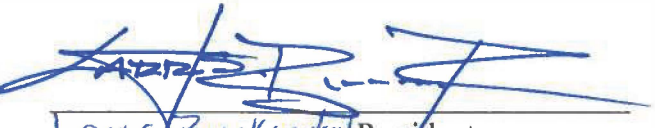
Larry S. Buckendorf, President

ATTEST:




Laura Gregler, Secretary

VILLAGE EAST
METROPOLITAN DISTRICT NO. 2

By: 

Larry S. Buckendorf, President

ATTEST:



Laura Gregler, Secretary

VILLAGE EAST
METROPOLITAN DISTRICT NO. 3

By: 

Jeffrey A. Place (Sep 20, 2022 13:34 MDT)
_____, President

ATTEST:



EXHIBIT B
2023 Budget

Village East Metropolitan District No. 3
Statement of Net Position
September 30, 2022

	GENERAL FUND	OPERATIONS FUND	DEBT SERVICE FUND	FIXED ASSETS & LONG TERM LIABILITIES	TOTAL ALL FUNDS
ASSETS					
CASH					
Chase Checking	51,394				51,394
CIT - Lock Box	23,107				23,107
COLOTRUST	153,789				153,789
UMB - Series 2017A Bond Fund			51,430		51,430
UMB - Series 2017A Surplus Fund (\$172,500 Cap)			173,796		173,796
Pooled Cash Allocation	(194,145)	118,689	75,456		(0)
TOTAL CASH	34,145	118,689	300,682	-	453,516
OTHER CURRENT ASSETS					
Due From County Treasurer	-		-		-
Property Taxes Receivable	113		419		532
Prepaid Expense	2,680	-			2,680
Accounts Receivable- Operations Fees		13,836			13,836
TOTAL OTHER CURRENT ASSETS	2,793	13,836	419	-	17,048
CAPITAL ASSETS					
Capital Assets				1,367,125	1,367,125
Accumulated Depreciation				(236,968)	(236,968)
TOTAL FIXED ASSETS	-	-	-	1,130,157	1,130,157
TOTAL ASSETS	36,938	132,525	301,101	1,130,157	1,600,721
LIABILITIES & DEFERRED INFLOWS					
CURRENT LIABILITIES					
Accounts Payable	23,124				23,124
Accrued Liabilities		-	-		-
TOTAL CURRENT LIABILITIES	23,124	-	-	-	23,124
DEFERRED INFLOWS					
Deferred Property Taxes	113		419		532
Prepaid Fees		15,455			15,455
TOTAL DEFERRED INFLOWS	113	15,455	419	-	15,987
LONG-TERM LIABILITIES					
Accrued Interest				103,247	103,247
Bonds Payable- Series 2017 A				1,655,000	1,655,000
Bonds Payable- Series 2017 B				245,000	245,000
Developer Advance Payable				6,237,280	6,237,280
TOTAL LONG-TERM LIABILITIES	-	-	-	8,240,527	8,240,527
TOTAL LIAB & DEF INFLOWS	23,237	15,455	419	8,240,527	8,279,638
NET POSITION					
Net Investment in Capital Assets				1,130,157	1,130,157
Amount To Be Provided For Debt				(8,240,527)	(8,240,527)
Non-Spendable	2,680	-			2,680
Restricted For Emergencies	924	4,143			5,067
Restricted For Debt			300,682		300,682
Restricted for Capital Replacements		100,000			100,000
Restricted For Operations		12,927			12,927
Unassigned	10,097				10,097
TOTAL NET POSITION	13,701	117,071	300,682	(7,110,371)	(6,678,917)
	=	=	=	=	=

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Village East Metropolitan District No. 3
Statement of Revenues, Expenditures, & Changes In Fund Balance
For the Period Indicated
Modified Accrual Basis

Print Date: 12/14/2022

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 09/30/22 Actual	YTD Thru 09/30/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes / Assumptions
PROPERTY TAXES									
Assessed Valuation	4,554,550	4,887,690	4,887,690	4,887,690				4,772,670	Nov. 2022 FINAL AV
Mill Levy - Operations	5.558	5.559	5.559	5.559				5.715	5 Mills, Adjusted
Mill Levy - Debt	33.350	33.351	33.351	33.351				34.291	30 Mills, Adjusted
Total	38.908	38.910	38.910	38.910				40.006	Max of 35, Adjusted- Combined
Property Tax Revenue - Operations	25,314	27,171	27,171	27,171				27,276	
Property Tax Revenue - Debt	151,894	163,009	163,009	163,009				163,660	
Total	177,208	190,180	190,180	190,180				190,935	
FEES									
Residential Units	198	198	198	198				198	
Operations Fee per Quarter per Unit	\$ 165.00	\$ 170.00	\$ 170.00	\$ 170.00				\$ 180.00	Increase 6% to keep building reserve
Total Annual Operations Fee	130,680	134,640	134,640	134,640				142,560	

Village East Metropolitan District No. 3
Statement of Revenues, Expenditures, & Changes In Fund Balance
For the Period Indicated
Modified Accrual Basis

Print Date: 12/14/2022

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 09/30/22 Actual	YTD Thru 09/30/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes / Assumptions
COMBINED FUNDS									
REVENUE									
Property taxes	177,201	190,180	190,180	190,180	189,691	190,180	(489)	190,935	AV * Mill Levy / 1,000
Specific ownership taxes	8,892	9,509	11,139	11,411	7,543	6,339	1,203	11,456	6% of property tax collections
Service fees	130,680	134,640	134,640	134,640	99,990	100,980	(990)	142,560	Increase 6% to keep building reserve
Late and collection fees	3,333	2,450	2,450	3,450	5,675	1,338	4,337	3,450	Based on 2022 Forecast
Interest	255	200	2,550	3,965	2,839	150	2,689	4,615	Based on 2022 Forecast
Other	-	2,000	2,000	-	-	-	-	5,000	Equal to Debt Service Contingency Expense
TOTAL REVENUE	320,360	338,979	342,959	343,646	305,738	298,987	6,751	358,017	
EXPENDITURES									
Accounting & Audit	22,089	29,900	29,900	22,900	14,874	24,503	9,629	24,400	Based on 2022 Forecast
Legal	7,836	9,500	14,450	18,500	13,295	7,125	(6,170)	19,225	Based on 2022 Forecast
Management & Covenant Enforcement	17,238	18,675	18,675	20,132	13,825	14,006	181	21,150	Based on 2022 Forecast
Other Professional Services	-	-	-	-	-	-	-	-	
Insurance	3,062	11,900	11,900	3,116	3,116	11,900	8,784	11,700	Includes Property Coverage
Other Administration	541	3,100	3,100	2,987	2,884	2,475	(409)	3,950	Based on 2022 Forecast
Treasurers Fees	2,660	2,853	2,853	2,853	2,847	2,853	6	2,864	1.5% of Property Taxes
Engineering	-	-	-	-	-	-	-	-	
Utilities	9,410	9,250	9,250	8,500	6,748	7,263	515	9,200	Electrical for wells
Landscaping & Grounds Maintenance	49,723	53,590	53,590	53,991	53,722	53,590	(132)	56,900	Based on 2022 Forecast
Snow Removal	1,115	5,000	5,000	3,000	1,385	3,750	2,365	5,000	Based on 2022 Budget
Repair & Maintenance	5,884	13,415	13,415	9,215	8,387	13,061	4,674	16,300	Irrigation system, pumps, trees, etc
Interest	85,805	138,076	141,649	140,986	41,375	41,375	-	137,096	Series A Bonds + Partial B Bonds
Principal	20,000	25,000	25,000	25,000	-	-	-	31,000	Per Amortization Schedule- Series A Bonds Only
Paying agent / trustee fees	5,513	5,650	5,650	5,650	67	75	8	5,650	Based on 2022 Forecast
Capital outlay - general	-	-	-	-	-	-	-	-	
Miscellaneous	687	200	200	510	270	150	(120)	1,000	Based on 2022 Forecast
Contingency	-	18,000	18,000	5,000	-	-	-	20,000	Unforeseen needs
TOTAL EXPENDITURES	231,563	344,109	352,632	322,340	162,795	182,127	19,332	365,435	
REVENUE OVER / (UNDER) EXPENDITURES	88,797	(5,130)	(9,672)	21,306	142,943	116,860	26,083	(7,419)	
OTHER SOURCES / (USES)									
Developer advances receipts / (pmts)	-	-	-	-	-	-	-	-	
Debt issuance costs	-	-	-	-	-	-	-	-	
Bond proceeds	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	88,797	(5,130)	(9,672)	21,306	142,943	116,860	26,083	(7,419)	
BEGINNING FUND BALANCE	199,714	272,146	275,712	288,511	288,511	272,146	16,365	309,817	
ENDING FUND BALANCE	288,511	267,016	266,039	309,817	431,454	389,006	42,448	302,398	See breakdown below
COMPONENTS OF FUND BALANCE	=	=	=	=	=	=	=	=	
Non-Spendable	-	-	-	3,200	2,680	-	-	3,360	Prepaid Insurance
TABOR emergency reserve	4,820	5,128	5,277	5,067	5,067	-	-	5,527	3% Emergency Reserve
Restricted For debt service	173,736	174,538	174,945	174,945	300,682	-	-	175,324	Per Debt Service fund
Assigned For Capital Replacements	80,000	76,000	76,000	100,000	100,000	-	-	100,000	Begin Building Reserve For Replacements
Assigned For Operations	22,293	9,762	9,762	22,828	12,927	-	-	17,363	Keep At roughly \$10K
Unassigned	7,662	1,588	55	3,777	10,097	-	-	825	Minimal Available
TOTAL ENDING FUND BALANCE	288,511	267,016	266,039	309,817	431,454	389,006	42,448	302,398	
=	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Village East Metropolitan District No. 3
Statement of Revenues, Expenditures, & Changes In Fund Balance
For the Period Indicated
Modified Accrual Basis

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GENERAL FUND									
REVENUE									
Property taxes	25,313	27,171	27,171	27,171	27,101	27,171	(70)	27,276	General fund portion of mill levy
Specific ownership taxes	1,270	1,359	1,359	1,630	1,078	906	172	1,637	6% of property tax collections
Interest income	50	50	50	1,450	1,057	38	1,019	1,500	Based on 2022 Forecast
Sale of Mineral Rights	-	-	-	-	-	-	-	-	
TOTAL REVENUE	26,634	28,579	28,579	30,251	29,235	28,114	1,121	30,412	
EXPENDITURES									
Accounting	8,410	12,000	12,000	8,500	4,542	9,302	4,760	9,000	50% General Fund, 50% Operations Fund
Audit	5,600	5,900	5,900	5,900	5,900	5,900	-	6,400	Based on 2022 Forecast
Legal	4,126	4,950	9,900	9,900	7,146	3,713	(3,433)	10,175	55% General Fund, 45% Operations Fund
Financial Advisor	-	-	-	-	-	-	-	-	
Elections	-	2,500	2,500	2,500	2,396	1,875	(521)	2,700	Assume Cancelled
Bank and Bill.com Fees	-	-	-	-	-	-	-	750	Bill.com fees
Treasurer's fees	380	408	408	408	407	408	1	409	1.5 % of property taxes
Insurance, bonds	3,062	3,400	3,400	3,116	3,116	3,400	284	3,200	D&O and liability insurance; WC, & Agency Fee
SDA dues	541	600	600	487	487	600	113	500	Based on 2022 Forecast
Director's fees	-	-	-	-	-	-	-	-	
Organizational costs	-	-	-	-	-	-	-	-	
Bad debt / Uncollected fees	-	-	-	-	-	-	-	-	
Miscellaneous	12	200	200	-	-	150	150	-	
Contingency	-	1,000	1,000	-	-	-	-	-	No Funds Available
TOTAL EXPENDITURES	22,131	30,958	35,908	30,811	23,995	25,347	1,352	33,134	
REVENUE OVER / (UNDER) EXPENDITURES	4,502	(2,378)	(7,328)	(560)	5,241	2,767	2,473	(2,722)	
Other Sources / (Uses) of Funds									
Transfer (to) / from other funds	-	-	-	-	-	-	-	-	
Developer advances received	-	-	-	-	-	-	-	-	
Developer advances (paid)	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	
Total Other Sources / (Uses)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	4,502	(2,378)	(7,328)	(560)	5,241	2,767	2,473	(2,722)	
BEGINNING FUND BALANCE	3,958	4,895	8,461	8,461	8,461	4,895	3,566	7,901	
ENDING FUND BALANCE	8,461	2,517	1,132	7,901	13,701	7,662	6,039	5,179	
COMPONENTS OF FUND BALANCE	=	=	=	=	=	=	=	=	
Non-Spendable	-	-	-	3,200	2,680	-	2,680	3,360	Prepaid Insurance
TABOR emergency reserve	799	929	1,077	924	924	929	(4)	994	3% of Revenues / Expenditures
Unassigned	7,662	1,588	55	3,777	10,097	6,733	3,363	825	
TOTAL ENDING FUND BALANCE	8,461	2,517	1,132	7,901	13,701	7,662	6,039	5,179	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Village East Metropolitan District No. 3
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 For the Period Indicated
 Modified Accrual Basis

Print Date: 12/14/2022

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 09/30/22 Actual	YTD Thru 09/30/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes / Assumptions
OPERATIONS FUND									
REVENUE									
Operations fees	130,680	134,640	134,640	134,640	99,990	100,980	(990)	142,560	Added \$5 increase above for 2022
Late Fees & Interest	-	-	-	-	1,380	-	1,380	-	-
Service Charges	2,753	2,000	2,000	3,000	2,710	1,000	1,710	3,000	Interest on late payments
Interest income	11	-	-	15	11	-	11	15	Based on 2022 Forecast
Other income	-	-	-	-	-	-	-	-	-
Property Management Suspense	280	-	-	-	1,165	-	1,165	-	-
Reimbursed Expenses - Other	300	-	-	450	420	-	420	-	-
Reimbursed Expenses - Collections	-	450	450	-	-	338	(338)	450	90% of Collection expenses
TOTAL REVENUE	134,024	137,090	137,090	138,105	105,675	102,318	3,358	146,025	
EXPENDITURES									
Accounting	8,079	12,000	12,000	8,500	4,432	9,302	4,869	9,000	50% General Fund, 50% Operations Fund
Legal	3,587	4,050	4,050	8,100	5,924	3,038	(2,886)	8,550	55% General Fund, 45% Operations Fund
Legal - Collections	123	500	500	500	225	375	150	500	Fewer delinquencies
Management - Contract	15,036	15,425	15,425	15,432	10,288	11,569	1,281	16,050	2022 Contract + 4% per AHOA
Prop Mgt - Collections	1,255	2,000	2,000	3,500	2,766	1,500	(1,266)	3,800	Based on 2022 Forecast
Prop Mgt - Copy, Mail, Office	947	1,250	1,250	1,200	771	938	166	1,300	Based on 2022 Forecast
Bank fees	-	-	-	-	-	-	-	-	-
Insurance	-	8,500	8,500	-	-	8,500	8,500	8,500	Property Coverage
Utilities - Electricity & Gas	9,410	9,250	9,250	8,500	6,748	7,263	515	9,200	Based on 2022 Forecast
Landscaping Services Contract	47,479	49,990	49,990	49,991	49,991	49,990	(1)	52,000	2023 Contract Price
R&M - fencing	-	600	600	-	-	600	600	600	Based on 2022 Budget
R&M - irrigation	5,884	6,000	6,000	7,500	7,437	6,000	(1,437)	8,100	Based on 2022 Forecast
R&M - drainage system	-	-	-	-	-	-	-	-	-
Snow Removal	1,115	5,000	5,000	3,000	1,385	3,750	2,365	5,000	Based on 2022 Budget
Grounds Maintenance - Pest Control	2,244	3,000	3,000	4,000	3,731	3,000	(731)	4,300	Based on 2022 Forecast
R&M - mailbox stations	-	300	300	-	-	225	225	300	Based on 2022 Budget
R&M - non-potable water pumps	-	515	515	515	-	386	386	600	Based on 2022 Budget
R&M - pump station housing	-	600	600	1,200	950	450	(500)	1,300	Based on 2022 Forecast
Tree Maintenance & Replacement	-	6,000	6,000	-	-	6,000	6,000	6,000	Remove and replace dead trees.
Miscellaneous	675	-	-	510	270	-	(270)	1,000	Based on 2022 Forecast
Contingency	-	15,000	15,000	5,000	-	-	-	15,000	Unforeseen Needs
TOTAL EXPENDITURES	95,834	139,980	139,980	117,448	94,919	112,885	17,967	151,100	
REVENUE OVER / (UNDER) EXPENDITURES	38,190	(2,890)	(2,890)	20,657	10,757	(10,568)	21,324	(5,075)	
OTHER SOURCES / (USES)									
Transfers to Other Funds In/(Out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	38,190	(2,890)	(2,890)	20,657	10,757	(10,568)	21,324	(5,075)	
BEGINNING FUND BALANCE	68,124	92,852	92,852	106,314	106,314	92,852	13,462	126,971	
ENDING FUND BALANCE	106,314	89,962	89,962	126,971	117,071	82,284	34,786	121,896	
COMPONENTS OF FUND BALANCE	=	=	=	=	=	=	=	=	
Non-Spendable	-	-	-	-	-	-	-	-	-
TABOR emergency reserve	4,021	4,199	4,199	4,143	4,143	4,199	(56)	4,533	3% of Revenues / Expenditures
Assigned For Capital Replacements	80,000	76,000	76,000	100,000	100,000	76,000	24,000	100,000	Build slowly
Assigned For Operations	22,293	9,762	9,762	22,828	12,927	2,085	10,843	17,363	
TOTAL ENDING FUND BALANCE	106,314	89,962	89,962	126,971	117,071	82,284	34,786	121,896	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Village East Metropolitan District No. 3
Statement of Revenues, Expenditures, & Changes In Fund Balance
For the Period Indicated
Modified Accrual Basis

Print Date: 12/14/2022

	2021 Audited Actual	2022 Adopted Budget	2022 Amended Budget	2022 Forecast	YTD Thru 09/30/22 Actual	YTD Thru 09/30/22 Budget	Variance Positive (Negative)	2023 Adopted Budget	Budget Notes / Assumptions
DEBT SERVICE FUND									
REVENUE									
Property taxes	151,887	163,009	163,009	163,009	162,590	163,009	(419)	163,660	Debt Service portion of mill levy
Specific ownership taxes	7,622	8,150	9,781	9,781	6,465	5,434	1,031	9,820	6% of property tax collections
Interest income	193	150	2,500	2,500	1,772	113	1,660	3,100	Based on 3.5% Interst Rate
Other income		2,000	2,000	-		-	-	5,000	Equal to Expense Contingency
TOTAL REVENUE	159,702	173,310	177,290	175,290	170,827	168,555	2,272	181,579	
EXPENDITURES									
Treasurer's fees	2,280	2,445	2,445	2,445	2,440	2,445	5	2,455	1.5% of property taxes
Bond interest- Series A	83,750	82,750	82,750	82,750	41,375	41,375	-	81,500	Per amortization schedule
Bond principal- Series A	20,000	25,000	25,000	25,000	-	-	-	25,000	Per amortization schedule
Bond interest- Series B	2,055	55,326	58,899	58,236	-	-	-	55,596	Cash flow bonds - remaining available funds
Bond principal- Series B	-	-	-	-	-	-	-	6,000	Cash flow bonds - excess available after interest paid in full
Paying agent / trustee fees	5,513	5,650	5,650	5,650	67	75	8	5,650	Series A \$3500; Series B \$2000; Service Fee \$150
Contingency	-	2,000	2,000	-	-	-	-	5,000	To Avoid Budget Amendment- Equal to Other Inc
TOTAL EXPENDITURES	113,598	173,171	176,744	174,081	43,882	43,895	13	181,201	
REVENUE OVER / (UNDER) EXPENDITURES	46,104	139	546	1,209	126,946	124,661	2,285	378	
OTHER SOURCES / (USES)									
Developer advances received	-	-	-	-	-	-	-	-	
Developer advances (paid)	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	46,104	139	546	1,209	126,946	124,661	2,285	378	
BEGINNING FUND BALANCE	127,632	174,399	174,399	173,736	173,736	174,399	(663)	174,945	
ENDING FUND BALANCE	173,736	174,538	174,945	174,945	300,682	299,060	1,623	175,324	See Breakdown Below
COMPONENTS OF FUND BALANCE									
Surplus Fund	172,509	172,500	172,500	172,500	173,796			172,500	Maximum Surplus required is \$172,500
Senior Bond Payment Fund	1	-	-	-	51,430			-	
Other/Internal Balances	1,227	2,038	2,445	2,445	75,456			2,824	
TOTAL ENDING FUND BALANCE	173,736	174,538	174,945	174,945	300,682			175,324	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

EXHIBIT C
2022 Audit

VILLAGE EAST METROPOLITAN DISTRICT NO.3

WELD COUNTY, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2022



Crady, Puca & Associates

Certified Public Accountants & Consultants

VILLAGE EAST METROPOLITAN DISTRICT NO.3
WELD COUNTY, COLORADO

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Crady, Puca & Associates

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Village East Metropolitan District No.3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village East Metropolitan District No.3 as of and for the year ended December 31, 2022, and related notes to the financial statements, which collectively comprise Village East Metropolitan District No.3's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Village East Metropolitan District No.3 as of December 31, 2022, and the respective changes in financial position 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 Village East Metropolitan District No.3, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Village East Metropolitan District No.3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Village East Metropolitan District No.3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village East Metropolitan District No.3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Village East Metropolitan District No. 3's basic financial statements. The individual fund budgetary comparison schedule on page 21 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Crady, Puca & Associates

Aurora, Colorado
July 13, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Statement of Net Position
December 31, 2022

	Total Governmental Activities
Assets:	
Cash and investments - unrestricted	\$ 12,415
Accounts receivable - residents	12,921
Due from county treasurer	1,297
Property tax receivable	190,936
Prepays	9,822
Cash and investments - restricted	298,549
Capital assets:	
Depreciable, net	<u>1,075,472</u>
Total assets	<u>1,601,412</u>
Liabilities:	
Accounts payable	8,522
Accrued interest	71,000
Bonds payable:	
Due within one year	25,000
Due in more than one year	1,850,000
Developer payable:	
Due in more than one year	<u>6,237,280</u>
Total liabilities	<u>8,191,802</u>
Deferred inflows of resources:	
Unavailable revenue - prepaid assessments	14,240
Unavailable revenue - property taxes	<u>190,936</u>
Total deferred inflows of resources	<u>205,176</u>
Net position:	
Net investment in capital assets	-
Restricted for emergencies	5,139
Restricted for operations and capital reserves	118,927
Restricted for debt service	175,204
Unrestricted	<u>(7,094,836)</u>
Total net position	<u>\$ (6,795,566)</u>

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

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Statement of Activities
For the Year Ended December 31, 2022

	Total Governmental Activities
Expenditures:	
Governmental activities:	
Accounting and audit	\$ 25,142
Legal	17,169
Election	2,552
Insurance and bonds	4,154
Dues	487
Treasurer fees	2,862
Bank fees	665
Trustee fees	5,500
District management services	19,671
Utilities	11,926
Landscape and maintenance	65,826
Miscellaneous	1,220
Depreciation	54,684
Interest on long-term debt	109,740
Total expenditures	<u>321,598</u>
Program Revenues:	
Homeowner assessments	<u>134,640</u>
Total program revenues	<u>134,640</u>
Net program income (expense)	(186,958)
General Revenues:	
Property and specific ownership taxes	201,404
Interest income	6,132
Other income	5,717
Total general revenues	<u>213,253</u>
Change in net position	26,295
Net position, beginning of year	<u>(6,821,861)</u>
Net position, end of year	<u>\$ (6,795,566)</u>

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

FUND FINANCIAL STATEMENTS

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Balance Sheet
Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>Operations Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments - unrestricted	\$ 12,415	\$ -	\$ -	\$ 12,415
Accounts receivable - residents	-	12,921	-	12,921
Due from county treasurer	185	-	1,112	1,297
Property tax receivable	27,276	-	163,660	190,936
Prepays	2,680	7,142	-	9,822
Cash and investments - restricted	-	124,457	174,092	298,549
Total assets	<u>\$ 42,556</u>	<u>\$ 144,520</u>	<u>\$ 338,864</u>	<u>\$ 525,940</u>
Liabilities:				
Accounts payable	\$ 8,522	\$ -	\$ -	\$ 8,522
Total liabilities	<u>8,522</u>	<u>-</u>	<u>-</u>	<u>8,522</u>
Deferred inflows of resources:				
Unavailable revenue - prepaid assessments	-	14,240	-	14,240
Unavailable revenue - property taxes	27,276	-	163,660	190,936
Total deferred inflows of resources	<u>27,276</u>	<u>14,240</u>	<u>163,660</u>	<u>205,176</u>
Fund balance:				
Nonspendable - prepaid expenses	2,680	7,142	-	9,822
Restricted for emergencies	928	4,211	-	5,139
Restricted for debt service	-	-	175,204	175,204
Restricted for operations and capital replacements	-	118,927	-	118,927
Unassigned	3,150	-	-	3,150
Total fund balance	<u>6,758</u>	<u>130,280</u>	<u>175,204</u>	<u>312,242</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,556</u>	<u>\$ 144,520</u>	<u>\$ 338,864</u>	<u>\$ 525,940</u>

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

Total fund balance - governmental funds	312,242
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,075,472
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(8,183,280)
Net position of governmental activities	<u>\$ (6,795,566)</u>

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

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
December 31, 2022

	General Fund	Operations Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Property tax	\$ 27,236	\$ -	\$ 163,403	\$ 190,639
Specific ownership tax	1,538	-	9,227	10,765
Homeowner assessments	-	134,640	-	134,640
Interest income	2,166	12	3,954	6,132
Other income	-	5,717	-	5,717
Total revenues	30,940	140,369	176,584	347,893
Expenditures:				
Current:				
General government:				
Accounting and audit	15,521	9,621	-	25,142
Legal	9,113	8,056	-	17,169
Election	2,552	-	-	2,552
Insurance and bonds	3,366	788	-	4,154
Dues	487	-	-	487
Treasurer fees	409	-	2,453	2,862
Bank fees	245	245	175	665
Trustee fees	-	-	5,500	5,500
District management services	-	19,671	-	19,671
Utilities	-	11,926	-	11,926
Landscape and maintenance	-	65,826	-	65,826
Miscellaneous	950	270	-	1,220
Debt service:				
Principal	-	-	25,000	25,000
Interest	-	-	141,988	141,988
Total expenditures	32,643	116,403	175,116	324,162
Net change in fund balance	(1,703)	23,966	1,468	23,731
Fund balance, beginning of year	8,461	106,314	173,736	288,511
Fund balance, end of year	\$ 6,758	\$ 130,280	\$ 175,204	\$ 312,242

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

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
December 31, 2022

	Total Governmental Funds
	<hr/>
Net change in fund balance of the governmental funds	\$ 23,731
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current year.	(54,684)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.	25,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	<hr/> 32,248
Change in net position of governmental activities	<hr/><hr/>\$ 26,295

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

Reporting Entity

The District is a quasi-municipal corporation organized by a court order dated March 6, 2009 and operated pursuant to provisions set forth in the Colorado Special District Act. The District was organized concurrently with Village East Metropolitan District No. 1 ("District No.1") and Village East Metropolitan District No. 2 ("District No. 2"). The District was established for the primary purpose of funding, constructing, owning and operating certain public infrastructure and assisting in the coordination of metropolitan district services and facilities to support the needs of a planned residential development in Weld County, Colorado.

The District is to convey the completed public improvements, other than parks and recreation and non-potable water, to the Town of Windsor or other appropriate jurisdictions.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

Basis of Presentation

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

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

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

Basis of Presentation (continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

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

Operations Fund – the operations fund is a special revenue fund which accounts for fees collected and related expenditures for services provided to homeowners.

Debt Service Fund - accounts for payments on general obligation bond debt and developer debt.

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

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

Deposits and Investments

The District records certain investments at fair value. Investments held in the local government investment pool are reported at net asset value as allowed under US GAAP.

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

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. At December 31, 2022, the District did not hold any investments required to be reported under fair value.

Accounts Receivable

Accounts receivable consist of homeowners assessments earned as of December 31, 2022. The District considers all receivables collectible as of December 31, 2022.

Property Taxes

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

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

1. Summary of Significant Accounting Policies (continued)

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

Capital Assets

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

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Parks and recreation	25
Non-potable water Infrastructure	25

Deferred Outflows/Inflows of Resources

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

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

Long-Term Obligations

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

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

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

Fund Balance

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

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

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

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

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. As of December 31, 2022, the District had not adopted a policy designating District personnel to determine amounts that may be assigned.

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

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

Net Position

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

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

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

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

Use of Estimates

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

2. **Stewardship, Compliance, and Accountability**

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

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

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

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

The budget and the appropriating resolution are adopted prior to December 31.

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

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

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2022

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants and sales of assets). The District has reserved a portion of its December 31, 2022 year-end fund balance in the General Fund and Operations Fund for emergencies as required under TABOR totaling \$5,139 which is the approximate required reserve at December 31, 2022.

On November 4, 2008, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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

3. Detailed Notes on the Funds

Deposits and Investments

At December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 12,415
Cash and investments - restricted	<u>298,549</u>
	<u>\$ 310,964</u>

The following is a summary of deposits and investments held by the District at December 31, 2022:

<u>Type</u>	<u>Ratings per Standards & Poors</u>	<u>Carrying Value</u>
Deposits with financial institutions		\$ 51,521
COLOTRUST PLUS+	AAAm	<u>259,443</u>
Total		<u>\$ 310,964</u>

3. **Detailed Notes on the Funds (continued)**

Cash Deposits

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

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

Investments

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

As of December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

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

Custodial Credit Risk: At December 31, 2022, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

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

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2022

3. Detailed Notes on the Funds (continued)

Investments (continued)

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

- Certain money market funds
- Local government investment pools

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Parks and recreation	\$ 756,864	\$ -	\$ -	\$ 756,864
Non-potable water Infrastructure	610,261	-	-	610,261
Total capital assets being depreciated	<u>1,367,125</u>	<u>-</u>	<u>-</u>	<u>1,367,125</u>
Less accumulated depreciation for:				
Parks and recreation	(131,190)	(30,274)	-	(161,464)
Non-potable water Infrastructure	(105,779)	(24,410)	-	(130,189)
Total accumulated depreciation	<u>(236,969)</u>	<u>(54,684)</u>	<u>-</u>	<u>(291,653)</u>
Total capital assets being depreciated, net	<u>1,130,156</u>	<u>(54,684)</u>	<u>-</u>	<u>1,075,472</u>
Capital assets, net	<u>\$ 1,130,156</u>	<u>\$ (54,684)</u>	<u>\$ -</u>	<u>\$ 1,075,472</u>

Depreciation expense of \$54,686 was charged to general government.

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series 2017A Senior Bonds	\$ 1,655,000	\$ -	\$ (25,000)	\$ 1,630,000	\$ 25,000
Series 2017B Subordinate Bonds	245,000	-	-	245,000	-
Direct borrowings and direct placements:					
Developer debt – operations	14,000	-	-	14,000	-
Developer debt – capital	<u>6,223,280</u>	<u>-</u>	<u>-</u>	<u>6,223,280</u>	<u>-</u>
Governmental activities					
long-term debt	<u>\$ 8,137,280</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ 8,112,280</u>	<u>\$ 25,000</u>

3. Detailed Notes on the Funds (continued)

General Obligation Bonds

On September 7, 2017, the District issued \$1,725,000 of General Obligation Limited Tax Bonds Series 2017A ("2017A Senior Bonds") and \$245,000 of Subordinate General Obligation Limited Tax Bonds Series 2017B ("2017B Subordinate Bonds") to finance public improvements, pay costs of issuance of the 2017A Senior Bonds and the 2017B Subordinate Bonds, and fund capitalized interest. The 2017A Senior Bonds bear interest at a rate of 5%, payable semiannually on each June 1 and December 1, commencing on December 1, 2017, and maturing on December 1, 2046. The 2017B Subordinate Bonds bear interest at a rate of 7.75%, payable annually on December 15, commencing on December 15, 2017, to the extent that pledged revenue is available, maturing on December 15, 2046. Interest on the bonds is capitalized and compounds on the interest payment date until paid. At December 31, 2022, unpaid interest on the 2017B Subordinate Bonds amounted to \$56,893.

The 2017A Senior Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2019 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2022, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2017B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 15, 2022, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The 2017B Subordinate Bonds are cash flow bonds and are subject to mandatory redemption from subordinate pledged revenue, if any, on deposit in the subordinate bond fund.

The 2017A Senior Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, capital fees (if any), and any other legally available funds as determined by the District. In connection with the 2017A Senior Bonds, the District is required to fund a Senior Surplus Fund to a maximum amount of \$172,500. As of December 31, 2022, \$173,450 was in the Surplus Fund.

The 2017B Subordinate Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, capital fees (if any), any other legally available funds as determined by the District, and any amounts remaining in the Senior Surplus Fund after termination of the fund.

Events of default as defined in the 2017A Senior Bonds and 2017B Subordinate Bonds Indentures are 1) the failure of the District to impose the required mill levy, or apply the pledged revenue as required by the Indentures, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indentures or bond resolutions, other than as described in the Indentures, and failure to remedy the same after notice thereof pursuant to the indentures, 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2022

3. Detailed Notes on the Funds (continued)

General Obligation Bonds (continued)

Failure to pay the principal of or interest on the 2017A Senior Bonds and 2017B Subordinate Bonds when due shall not, of itself, constitute an event of default under the indentures. In addition, the District shall not be required to impose the subordinate required mill levy for the payment of the 2017B Subordinate Bonds after December 2055. Remedies available in the event of default include 1) receivership, 2) suit for judgment, and 3) mandamus or other suits. Acceleration of the Series 2017A Senior or 2017B Subordinate Bonds is not an available remedy for an event of default.

The following is a summary of the annual long-term debt principal and interest requirements for the 2017A Senior Bonds. Because of the uncertainty of the timing of the principal and interest payments on the 2017B Subordinate Bonds, no schedule of principal and interest payments is presented.

Year Ending December 31,	Principal	Interest	Total
2023	\$ 25,000	\$ 81,500	\$ 106,500
2024	30,000	80,250	110,250
2025	30,000	78,750	108,750
2026	35,000	77,250	112,250
2027	35,000	75,500	110,500
2028-2032	230,000	347,750	577,750
2033-2037	325,000	281,250	606,250
2038-2042	450,000	187,500	637,500
2043-2046	470,000	60,750	530,750
Total	\$ 1,630,000	\$ 1,270,500	\$ 2,900,500

At December 31, 2022, the District had total authorized debt of \$126,500,000 of which \$1,970,000 has been issued, leaving an authorized but unissued balance of \$124,530,000. Per the District's Service Plan, the District cannot issue debt in excess of \$13,390,000 without the approval of the Town.

Developer Obligations

On December 9, 2016, the District entered into an agreement with the Developer to fund the operations costs shortfall of the District through December 31, 2017. Interest is to be accrued on this obligation at 8% per annum from the date of the advance. As of December 31, 2022, the District owes the Developer \$14,000 in principal plus \$6,524 of accrued interest under this agreement.

In August 2017, the District approved a resolution regarding the acceptance of district eligible costs for public improvements funded by the Developer. The resolution approved eligible costs for developer reimbursement in the amount of \$7,972,305. During 2017, the District issued 2017A Senior Bonds and 2017A Subordinate Bonds and paid \$1,749,025 to the Developer under this resolution. As of December 31, 2022, the District is obligated to the Developer for \$6,223,280 under this resolution. The resolution provides for payments subject to annual appropriations and does not guarantee future payments. No interest is to be accrued.

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Notes to Financial Statements
December 31, 2022

4. Risk Management

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

The District pays annual premiums to the Pool for auto, public official’s liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2022, the Pool has made no distributions nor required additional contributions from the District.

5. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Capital assets of \$1,367,125, less accumulated depreciation of \$291,653 or a net book value of \$1,075,472 are not financial resources and therefore are not reported in the funds.

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

Bonds payable	\$ (1,875,000)
Developer debt	(6,237,280)
Accrued interest on bonds and developer debt	(71,000)
Net adjustment	<u>\$ (8,183,280)</u>

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

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

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

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

Depreciation expense – District services	\$ <u>(54,684)</u>
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The issuance of long-term debt (e.g. bonds payable) 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. The details of this difference are as follows:

Principal payment on general obligation bonds	\$ <u>25,000</u>
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Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The difference is due to the change in accrued interest on the general obligation bonds and developer debt of \$32,248.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Property tax	\$ 27,171	\$ 27,171	\$ 27,236	\$ 65
Specific ownership tax	1,359	1,359	1,538	179
Interest and other income	50	50	2,166	2,116
Total revenues	<u>28,580</u>	<u>28,580</u>	<u>30,940</u>	<u>2,360</u>
Expenditures:				
General government:				
Accounting and audit	17,900	17,900	15,521	2,379
Legal	4,950	9,900	9,113	787
Election	2,500	2,500	2,552	(52)
Insurance and bonds	3,400	3,400	3,366	34
Dues	600	600	487	113
Treasurer fees	408	408	409	(1)
Miscellaneous	200	200	1,195	(995)
Contingency	1,000	1,000	-	1,000
Total expenditures	<u>30,958</u>	<u>35,908</u>	<u>32,643</u>	<u>3,265</u>
Net change in fund balance	(2,378)	(7,328)	(1,703)	5,625
Fund balance, beginning of year	<u>4,895</u>	<u>8,461</u>	<u>8,461</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,517</u>	<u>\$ 1,133</u>	<u>\$ 6,758</u>	<u>\$ 5,625</u>

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

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Operations Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final
Revenues:			
Homeowner assessments	\$ 134,640	\$ 134,640	\$ -
Interest income	-	12	12
Other income	2,450	5,717	3,267
Total revenues	137,090	140,369	3,279
Expenditures:			
General government:			
Accounting and audit	12,000	9,621	2,379
Legal	4,550	8,056	(3,506)
Insurance	8,500	788	7,712
District management services	18,675	19,671	(996)
Utilities	9,250	11,926	(2,676)
Landscape and maintenance	72,005	65,826	6,179
Miscellaneous	-	515	(515)
Contingency	15,000	-	15,000
Total expenditures	139,980	116,403	23,577
Net change in fund balance	(2,890)	23,966	26,856
Fund balance, beginning of year	92,852	106,314	13,462
Fund balance, end of year	\$ 89,962	\$ 130,280	\$ 40,318

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

SUPPLEMENTARY INFORMATION

VILLAGE EAST METROPOLITAN DISTRICT NO. 3
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
Revenues:				
Property tax	\$ 163,009	\$ 163,009	\$ 163,403	\$ 394
Specific ownership tax	8,151	9,781	9,227	(554)
Other income	2,000	2,000	-	(2,000)
Interest income	150	2,500	3,954	1,454
Total revenues	<u>173,310</u>	<u>177,290</u>	<u>176,584</u>	<u>(706)</u>
Expenditures:				
General government:				
Treasurer fees	2,445	2,445	2,453	(8)
Bank fees	-	-	175	(175)
Trustee fees	5,650	5,650	5,500	150
Contingency	2,000	2,000	-	2,000
Debt service:				
Principal	25,000	25,000	25,000	-
Interest	138,076	141,649	141,988	(339)
Total expenditures	<u>173,171</u>	<u>176,744</u>	<u>175,116</u>	<u>1,628</u>
Net change in fund balance	139	546	1,468	922
Fund balance, beginning of year	<u>174,399</u>	<u>174,399</u>	<u>173,736</u>	<u>(663)</u>
Fund balance, end of year	<u>\$ 174,538</u>	<u>\$ 174,945</u>	<u>\$ 175,204</u>	<u>\$ 259</u>

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

EXHIBIT D
2022 Assessed Valuation

CERTIFICATION OF VALUATION BY WELD COUNTY ASSESSOR

Name of Jurisdiction: 1479 - VILLAGE EAST METRO 3

IN WELD COUNTY ON 11/28/2022

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,887,690
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$4,772,670
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,772,670
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$67,667,897
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.	