

## VILLAGE EAST METROPOLITAN DISTRICT NO. 3

### 2023 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, 2023, the District make the following report:

#### §32-1-207(3) Statutory Requirements

**1. Boundary changes made.**

None.

**2. Intergovernmental Agreements entered into or terminated.**

None.

**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, 2023.

**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 31<sup>st</sup> of the reporting year.**

See **Exhibit A.**

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

A copy of the 2024 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 2023 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 2023:

- 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 2023 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 2024 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 2024 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	\$3,288,240
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**EXHIBIT A**  
**2023 Assessed Valuation**

# CERTIFICATION OF VALUATION BY WELD COUNTY ASSESSOR

Name of Jurisdiction: 1479 - VILLAGE EAST METRO 3

IN WELD COUNTY ON 12/10/2023

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
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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 2023 IN WELD COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,772,670
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$5,786,980
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,786,980
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.):	\$5.45
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.):	\$5.60

\* 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.

<b>USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY</b>
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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 2023 IN WELD COUNTY, COLORADO ON AUGUST 25, 2023

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$85,298,179
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, 2023

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.	

**EXHIBIT B**  
**2024 Budget**

# VILLAGE EAST METROPOLITAN DISTRICT NO. 3

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## 2024 BUDGET MESSAGE

The adopted 2024 budget for Village East Metropolitan District No. 3 (“District”) is attached.

The District is part of a multiple district structure, with Village East Metropolitan Districts Nos. 1 and 2, with the primary function to act as a financing district and provide the funding and tax base for the financial plan for capital improvements. The District has adopted three separate funds: (i) a General Fund, to provide for administrative operating expenditures; (ii) an Operations Fund to account for fees collected and related expenditures for services provided; and (iii) a Debt Service Fund to provide for the payments on general obligation bond debt.

The District has utilized the modified accrual basis of accounting for preparation of this budget.

The District has levied a debt service mill levy to provide funding for debt service payments on the Series 2017 Bonds. There is no change to the debt service mill levy for budget year 2024 except for the adjustment required for changes in property tax assessment rates.

In addition to the debt service mill levy, the District has levied a general fund mill levy to fund general and administrative expenditures. There is no change to the general fund mill levy for budget year 2024 except for the adjustment for changes in property tax assessment rates.

The District also assesses a monthly operations fee to fund expenditures for services provided. The Operations Fee is \$185 per quarter, which is a \$10 increase from the prior year.

Village East Metropolitan District No. 3  
Statement of Net Position  
September 30, 2023

	GENERAL FUND	OPERATIONS FUND	DEBT SERVICE FUND	FIXED ASSETS & LONG TERM LIABILITIES	TOTAL ALL FUNDS
<b>ASSETS</b>					
<b>CASH</b>					
Chase Checking	34,996				34,996
CIT - Lock Box	22,715				22,715
COLOTRUST	97,940				97,940
UMB - Series 2017A Bond Fund			49,651		49,651
UMB - Series 2017A Surplus Fund (\$172,500 Cap)			179,842		179,842
UMB - Series 2017B Bond Fund			181		181
Pooled Cash Allocation	(190,133)	118,560	71,573		(0)
<b>TOTAL CASH</b>	<b>(34,483)</b>	<b>118,560</b>	<b>301,245</b>	<b>-</b>	<b>385,323</b>
<b>OTHER CURRENT ASSETS</b>					
Due From County Treasurer	96,636		-		96,636
Property Taxes Receivable	155		933		1,088
Prepaid Expense	-	-			-
Accounts Receivable- Operations Fees		15,912			15,912
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>96,792</b>	<b>15,912</b>	<b>933</b>	<b>-</b>	<b>113,637</b>
<b>CAPITAL ASSETS</b>					
Capital Assets				1,367,125	1,367,125
Accumulated Depreciation				(291,653)	(291,653)
<b>TOTAL FIXED ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,075,472</b>	<b>1,075,472</b>
<b>TOTAL ASSETS</b>	<b>62,309</b>	<b>134,472</b>	<b>302,178</b>	<b>1,075,472</b>	<b>1,574,431</b>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	51,227				51,227
Accrued Liabilities		390	-		390
<b>TOTAL CURRENT LIABILITIES</b>	<b>51,227</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>51,617</b>
<b>DEFERRED INFLOWS</b>					
Deferred Property Taxes	155		933		1,088
Prepaid Fees		18,289			18,289
<b>TOTAL DEFERRED INFLOWS</b>	<b>155</b>	<b>18,289</b>	<b>933</b>	<b>-</b>	<b>19,377</b>
<b>LONG-TERM LIABILITIES</b>					
Accrued Interest				71,000	71,000
Bonds Payable- Series 2017 A				1,630,000	1,630,000
Bonds Payable- Series 2017 B				245,000	245,000
Developer Advance Payable				6,237,280	6,237,280
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,183,280</b>	<b>8,183,280</b>
<b>TOTAL LIAB &amp; DEF INFLOWS</b>	<b>51,382</b>	<b>18,679</b>	<b>933</b>	<b>8,183,280</b>	<b>8,254,274</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets				1,075,472	1,075,472
Amount To Be Provided For Debt				(8,183,280)	(8,183,280)
Non-Spendable	-	-			-
Restricted For Emergencies	1,094	4,631			5,725
Restricted For Debt			301,245		301,245
Restricted for Capital Replacements		100,000			100,000
Restricted For Operations		11,162			11,162
Unassigned	9,833				9,833
<b>TOTAL NET POSITION</b>	<b>10,927</b>	<b>115,793</b>	<b>301,245</b>	<b>(7,107,808)</b>	<b>(6,679,843)</b>
	=	=	=	=	=



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

Print Date: 12/19/2023

	2022 Audited Actual	2023 Adopted Budget	2023 Amended Budget	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes / Assumptions
<b>PROPERTY TAXES</b>									
Assessed Valuation	4,887,690	4,772,670	4,772,670	4,772,670				5,786,980	Final AV
Mill Levy - Operations	5.559	5.715	5.715	5.715				6.680	5 Mills, Adjusted
Mill Levy - Debt	33.351	34.291	34.291	34.291				40.078	30 Mills, Adjusted
<b>Total</b>	<b>38.910</b>	<b>40.006</b>	<b>40.006</b>	<b>40.006</b>				<b>46.758</b>	35 Mills, Adjusted- Combined
Property Tax Revenue - Operations	27,171	27,276	27,276	27,276				38,657	5 Mills, Adjusted
Property Tax Revenue - Debt	163,009	163,660	163,660	163,660				231,931	30 Mills, Adjusted
<b>Total</b>	<b>190,180</b>	<b>190,935</b>	<b>190,935</b>	<b>190,935</b>				<b>270,588</b>	
<b>FEES</b>									
Residential Units	198	198	198	198				198	
Operations Fee per Quarter per Unit	\$ 170.00	\$ 180.00	\$ 180.00	\$ 175.00				\$ 185.00	\$10/ Qtr Increase
Total Annual Operations Fee	<b>134,640</b>	<b>142,560</b>	<b>142,560</b>	<b>138,600</b>				<b>146,520</b>	

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

Print Date: 12/19/2023

	2022 Audited Actual	2023 Adopted Budget	2023 Amended Budget	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes / Assumptions
<b>COMBINED FUNDS</b>									
<b>REVENUE</b>									
Property Taxes	190,639	190,935	190,935	190,935	189,847	190,935	(1,088)	270,588	AV * Mill Levy / 1,000
State Property Tax Backfill	-	-	-	-	-	-	-	1,417	65% of Lost Taxes From SB 22-238
Specific Ownership Taxes	10,765	11,456	11,456	8,592	5,457	7,637	(2,181)	8,118	3% of property tax collections
Service Fees	134,640	142,560	142,560	138,600	103,950	106,920	(2,970)	146,520	\$10/ Qtr Increase
Late and Collection Fees	5,716	3,450	3,450	7,840	4,805	1,838	2,968	5,700	Based on 2023 Forecast
Interest	6,132	4,615	16,515	15,515	12,173	3,461	8,712	16,015	Based on 2023 Forecast
Reimbursed Expenses - Districts 1,2,4,&5	-	-	-	-	-	-	-	-	TBD For Shared Cost of Raw-Water System Operation
Other	-	5,000	6,000	507	507	-	507	10,000	Equal to Debt Service Contingency Expense
<b>TOTAL REVENUE</b>	<b>347,893</b>	<b>358,017</b>	<b>370,917</b>	<b>361,990</b>	<b>316,740</b>	<b>310,792</b>	<b>5,948</b>	<b>458,357</b>	
<b>EXPENDITURES</b>									
Accounting & Audit	25,142	24,400	36,400	36,100	29,634	20,352	(9,281)	39,400	Based on 2023 Forecast
Legal	17,169	19,225	19,225	19,000	9,812	14,419	4,607	22,425	Based on 2023 Forecast
Management & Covenant Enforcement	19,671	21,150	21,150	23,904	16,843	15,863	(980)	23,476	Based on 2023 Forecast
Other Professional Services	-	-	-	-	-	-	-	-	
Insurance	4,154	11,700	11,180	7,481	7,481	11,700	4,219	7,950	Includes Property Coverage
Other Administration	4,479	3,950	3,950	4,444	3,478	3,088	(391)	3,880	Based on 2023 Forecast
Treasurers Fees	2,862	2,864	2,864	2,864	2,848	2,864	16	4,059	1.5% of Property Taxes
Engineering	-	-	-	-	-	-	-	-	
Utilities	11,926	9,200	9,200	13,000	10,087	6,615	(3,472)	13,500	Electrical for wells
Landscaping & Grounds Maintenance	55,177	56,900	56,900	59,580	56,865	56,900	35	61,640	See Operations Fund
Snow Removal	2,262	5,000	5,000	4,000	2,250	3,750	1,500	5,000	Based on 2023 Budget
Repair & Maintenance	8,387	16,300	16,300	17,424	14,957	15,750	793	13,300	Irrigation system, pumps, trees, etc
Interest	141,988	137,096	148,907	148,907	40,750	40,750	-	113,119	Series A Bonds + Partial B Bonds
Principal	25,000	31,000	25,000	25,000	-	-	-	127,000	Begin Principal Payments on Series B Bonds
Paying agent / trustee fees	5,675	5,650	6,025	6,025	5,861	5,626	(235)	6,050	Based on 2023 Forecast
Capital Outlay	-	-	-	-	-	-	-	-	
Miscellaneous	270	1,000	1,000	500	150	750	600	500	Based on 2023 Forecast
Contingency	-	20,000	35,000	5,000	-	-	-	30,000	Unforeseen needs- Spread Over Multiple Funds
<b>TOTAL EXPENDITURES</b>	<b>324,162</b>	<b>365,435</b>	<b>398,101</b>	<b>373,229</b>	<b>201,015</b>	<b>198,426</b>	<b>(2,589)</b>	<b>471,299</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>23,730</b>	<b>(7,419)</b>	<b>(27,185)</b>	<b>(11,239)</b>	<b>115,725</b>	<b>112,366</b>	<b>3,359</b>	<b>(12,941)</b>	
<b>OTHER SOURCES / (USES)</b>									
Developer advances receipts / (pmts)	-	-	-	-	-	-	-	-	
Debt issuance costs	-	-	-	-	-	-	-	-	
Bond proceeds	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>23,730</b>	<b>(7,419)</b>	<b>(27,185)</b>	<b>(11,239)</b>	<b>115,725</b>	<b>112,366</b>	<b>3,359</b>	<b>(12,941)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>288,511</b>	<b>309,817</b>	<b>312,241</b>	<b>312,241</b>	<b>312,241</b>	<b>309,817</b>	<b>2,424</b>	<b>301,002</b>	
<b>ENDING FUND BALANCE</b>	<b>312,241</b>	<b>302,398</b>	<b>285,056</b>	<b>301,002</b>	<b>427,966</b>	<b>422,183</b>	<b>5,783</b>	<b>288,061</b>	See breakdown below
<b>COMPONENTS OF FUND BALANCE</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	
Non-Spendable	9,822	3,360	2,814	2,850	-	-	-	3,000	Prepaid Insurance
TABOR emergency reserve	5,139	5,527	6,321	5,725	5,725	-	-	6,372	3% Emergency Reserve
Restricted For debt service	175,204	175,324	176,796	174,341	301,245	-	-	174,581	Per Debt Service fund
Assigned For Capital Replacements	100,000	100,000	100,000	100,000	100,000	-	-	85,000	Begin Building Reserve For Replacements
Assigned For Operations	18,927	17,363	(958)	17,746	11,162	-	-	18,470	Keep At roughly \$10K
Unassigned	3,149	825	83	340	9,833	-	-	638	Minimal Available
<b>TOTAL ENDING FUND BALANCE</b>	<b>312,241</b>	<b>302,398</b>	<b>285,056</b>	<b>301,002</b>	<b>427,966</b>	<b>422,183</b>	<b>5,783</b>	<b>288,061</b>	

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: 12/19/2023

	2022 Audited Actual	2023 Adopted Budget	2023 Amended Budget	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes / Assumptions
<b>GENERAL FUND</b>									
<b>REVENUE</b>									
Property taxes	27,236	27,276	27,276	27,276	27,120	27,276	(155)	38,657	General fund portion of mill levy
State Property Tax Backfill	-	-	-	-	-	-	-	1,417	65% of Lost Taxes From SB 22-238
Specific ownership taxes	1,538	1,637	1,637	1,227	780	1,091	(312)	1,160	3% of property tax collections
Interest income	2,166	1,500	6,000	5,000	4,474	1,125	3,349	5,000	Based on 2023 Forecast
Other Income	-	-	1,000	507	507	-	507	-	
<b>TOTAL REVENUE</b>	<b>30,940</b>	<b>30,412</b>	<b>35,912</b>	<b>34,010</b>	<b>32,881</b>	<b>29,492</b>	<b>3,389</b>	<b>46,234</b>	
<b>EXPENDITURES</b>									
Accounting	9,621	9,000	15,000	15,000	11,767	6,976	(4,791)	16,500	50% General Fund, 50% Operations Fund
Audit	5,900	6,400	6,400	6,100	6,100	6,400	300	6,400	Based on 2023 Forecast
Legal	9,113	10,175	10,175	8,250	4,572	7,631	3,060	10,684	55% General Fund, 45% Operations Fund
Financial Advisor	-	-	-	-	-	-	-	-	
Elections	2,552	2,700	2,700	1,784	1,784	2,025	241	1,000	Planning Costs for 2025 Election
Bank and Bill.com Fees	245	750	750	750	292	563	270	780	Bill.com fees
Treasurer's fees	409	409	409	409	407	409	2	580	1.5 % of property taxes
Insurance, bonds	3,366	3,200	2,680	2,680	2,680	3,200	520	2,850	D&O and liability insurance; WC, & Agency Fee
SDA dues	487	500	500	510	510	500	(10)	600	Based on 2023 Forecast
Director's fees	-	-	-	-	-	-	-	-	
Organizational costs	-	-	-	-	-	-	-	-	
Website	950	-	-	1,000	600	-	(600)	1,100	Based on 2023 Forecast
Miscellaneous	-	-	-	-	-	-	-	-	
Contingency	-	-	-	-	-	-	-	5,000	Unforeseen Needs
<b>TOTAL EXPENDITURES</b>	<b>32,643</b>	<b>33,134</b>	<b>38,614</b>	<b>36,483</b>	<b>28,711</b>	<b>27,704</b>	<b>(1,007)</b>	<b>45,494</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>(1,703)</b>	<b>(2,722)</b>	<b>(2,702)</b>	<b>(2,473)</b>	<b>4,170</b>	<b>1,788</b>	<b>2,382</b>	<b>740</b>	
<b>Other Sources / (Uses) of Funds</b>									
Transfer (to) / from other funds	-	-	-	-	-	-	-	-	
Developer advances received	-	-	-	-	-	-	-	-	
Developer advances (paid)	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	
<b>Total Other Sources / (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>(1,703)</b>	<b>(2,722)</b>	<b>(2,702)</b>	<b>(2,473)</b>	<b>4,170</b>	<b>1,788</b>	<b>2,382</b>	<b>740</b>	
<b>BEGINNING FUND BALANCE</b>	<b>8,461</b>	<b>7,901</b>	<b>6,758</b>	<b>6,758</b>	<b>6,758</b>	<b>7,901</b>	<b>(1,143)</b>	<b>4,285</b>	
<b>ENDING FUND BALANCE</b>	<b>6,758</b>	<b>5,179</b>	<b>4,056</b>	<b>4,285</b>	<b>10,927</b>	<b>9,689</b>	<b>1,239</b>	<b>5,025</b>	
<b>COMPONENTS OF FUND BALANCE</b>									
Non-Spendable	2,680	3,360	2,814	2,850	-	-	-	3,000	Prepaid Insurance
TABOR emergency reserve	928	994	1,158	1,094	1,094	-	-	1,387	3% of Revenues / Expenditures
Unassigned	3,149	825	83	340	9,833	-	-	638	
<b>TOTAL ENDING FUND BALANCE</b>	<b>6,758</b>	<b>5,179</b>	<b>4,056</b>	<b>4,285</b>	<b>10,927</b>	<b>9,689</b>	<b>1,239</b>	<b>5,025</b>	

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: 12/19/2023

	2022 Audited Actual	2023 Adopted Budget	2023 Amended Budget	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes / Assumptions
<b>OPERATIONS FUND</b>									
<b>REVENUE</b>									
Operations fees	134,640	142,560	142,560	138,600	103,950	106,920	(2,970)	146,520	\$10/ Qtr Increase
Late Fees & Interest	2,085	-	-	2,100	1,597	-	1,597	1,500	Planning For Fewer Delinquencies
Service Charges	3,431	3,000	3,000	2,100	1,618	1,500	118	1,500	Planning For Fewer Delinquencies
Violations, Fines	300	-	-	-	-	-	-	-	
NSF Fees	20	-	-	40	40	-	40	-	
Interest income	13	15	15	15	10	11	(2)	15	
Other income	-	-	-	-	-	-	-	-	
Property Management Suspense	(120)	-	-	-	-	-	-	-	
Reimbursed Expenses - Other	-	-	-	-	-	-	-	-	
Reimbursed Expenses - Collections	-	450	450	3,600	1,550	338	1,213	2,700	90% of Collections Expense
Reimbursed Expenses - Districts 1,2,4,&5	-	-	-	-	-	-	-	-	TBD For Shared Cost of Raw-Water System Operation
<b>TOTAL REVENUE</b>	<b>140,369</b>	<b>146,025</b>	<b>146,025</b>	<b>146,455</b>	<b>108,765</b>	<b>108,769</b>	<b>(4)</b>	<b>152,235</b>	
<b>EXPENDITURES</b>									
Accounting	9,621	9,000	15,000	15,000	11,767	6,976	(4,791)	16,500	50% General Fund, 50% Operations Fund
Legal	7,831	8,550	8,550	6,750	3,740	6,413	2,672	8,741	55% General Fund, 45% Operations Fund
Legal - Collections	225	500	500	4,000	1,500	375	(1,125)	3,000	Planning For Fewer Delinquencies
Management - Contract	16,134	16,050	16,050	16,204	12,153	12,038	(115)	16,776	Per Advance HOA
Management - Billing	2,766	3,800	3,800	7,000	4,690	2,850	(1,840)	6,000	Planning For Fewer Delinquencies
Prop Mgt - Copy, Mail, Office	771	1,300	1,300	700	-	975	975	700	Planning For Fewer Delinquencies
Bank fees	245	-	-	400	292	-	(292)	400	
Insurance	788	8,500	8,500	4,801	4,801	8,500	3,699	5,100	Property Coverage
Utilities - Electricity	11,926	9,200	9,200	13,000	10,087	6,615	(3,472)	13,500	Based on 2023 Forecast
Landscaping Services Contract	50,060	52,000	52,000	51,980	51,980	52,000	20	53,540	CLC Proposed Pricing For 2024
Landscape- Other	-	-	-	-	-	-	-	-	Defer Prairie Dog Mount Repairs
R&M - fencing	-	600	600	600	-	600	600	600	Based on 2023 Forecast
R&M - irrigation	7,437	8,100	8,100	10,500	8,333	8,100	(233)	11,000	Based on 2023 Forecast
R&M - drainage system	-	-	-	-	-	-	-	-	
Snow Removal	2,262	5,000	5,000	4,000	2,250	3,750	1,500	5,000	Based on 2023 Budget
Grounds Maintenance - Pest Control	5,117	4,300	4,300	7,000	4,885	4,300	(585)	7,500	Based on 2023 Forecast
R&M - mailbox stations	-	300	300	300	-	225	225	300	Based on 2023 Forecast
R&M - non-potable water pumps	-	600	600	-	-	450	450	-	Included in Irrigation Above
R&M - pump station housing	950	1,300	1,300	-	-	975	975	-	Included in Irrigation Above
Tree Maintenance & Replacement	-	6,000	6,000	6,624	6,624	6,000	(624)	2,000	Bigger year in 2023
Miscellaneous	270	1,000	1,000	500	150	750	600	500	Based on 2023 Forecast
Contingency	-	15,000	30,000	5,000	-	-	-	15,000	Unforeseen Needs
<b>TOTAL EXPENDITURES</b>	<b>116,403</b>	<b>151,100</b>	<b>172,100</b>	<b>154,359</b>	<b>123,252</b>	<b>121,891</b>	<b>(1,361)</b>	<b>166,157</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>23,966</b>	<b>(5,075)</b>	<b>(26,075)</b>	<b>(7,904)</b>	<b>(14,487)</b>	<b>(13,122)</b>	<b>(1,364)</b>	<b>(13,922)</b>	
<b>OTHER SOURCES / (USES)</b>									
Transfers to Other Funds In/(Out)	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>23,966</b>	<b>(5,075)</b>	<b>(26,075)</b>	<b>(7,904)</b>	<b>(14,487)</b>	<b>(13,122)</b>	<b>(1,364)</b>	<b>(13,922)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>106,314</b>	<b>126,971</b>	<b>130,280</b>	<b>130,280</b>	<b>130,280</b>	<b>126,971</b>	<b>3,309</b>	<b>122,376</b>	
<b>ENDING FUND BALANCE</b>	<b>130,280</b>	<b>121,896</b>	<b>104,205</b>	<b>122,376</b>	<b>115,793</b>	<b>113,848</b>	<b>1,945</b>	<b>108,455</b>	
<b>COMPONENTS OF FUND BALANCE</b>									
Non-Spendable	7,142	-	-	-	-	-	-	-	
TABOR emergency reserve	4,211	4,533	5,163	4,631	4,631	-	-	4,985	3% of Revenues / Expenditures
Assigned For Capital Replacements	100,000	100,000	100,000	100,000	100,000	-	-	85,000	Stays at \$100K Without Contingency
Assigned For Operations	18,927	17,363	(958)	17,746	11,162	-	-	18,470	
<b>TOTAL ENDING FUND BALANCE</b>	<b>130,280</b>	<b>121,896</b>	<b>104,205</b>	<b>122,376</b>	<b>115,793</b>	<b>113,848</b>	<b>1,945</b>	<b>108,455</b>	

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: 12/19/2023

	2022 Audited Actual	2023 Adopted Budget	2023 Amended Budget	2023 Forecast	YTD Thru 09/30/23 Actual	YTD Thru 09/30/23 Budget	Variance Positive (Negative)	2024 Adopted Budget	Budget Notes / Assumptions
<b>DEBT SERVICE FUND</b>									
<b>REVENUE</b>									
Property taxes	163,403	163,660	163,660	163,660	162,727	163,660	(933)	231,931	Debt Service portion of mill levy
Specific ownership taxes	9,227	9,820	9,820	7,365	4,677	6,546	(1,869)	6,958	3% of property tax collections
Interest income	3,953	3,100	10,500	10,500	7,690	2,325	5,365	11,000	Based on 2023 Forecast
Other income		5,000	5,000	-		-	-	10,000	Equal to Expense Contingency
<b>TOTAL REVENUE</b>	<b>176,583</b>	<b>181,579</b>	<b>188,979</b>	<b>181,524</b>	<b>175,094</b>	<b>172,531</b>	<b>2,563</b>	<b>259,889</b>	
<b>EXPENDITURES</b>									
Treasurer's fees	2,453	2,455	2,455	2,455	2,441	2,455	14	3,479	1.5% of property taxes
Bond interest- Series A	82,750	81,500	81,500	81,500	40,750	40,750	-	80,250	Per amortization schedule
Bond principal- Series A	25,000	25,000	25,000	25,000	-	-	-	30,000	Per amortization schedule
Bond interest- Series B	59,238	55,596	67,407	67,407	-	-	-	32,869	Cash flow bonds - pay off accrued and current interest
Bond principal- Series B	-	6,000	-	-	-	-	-	97,000	Cash flow bonds - excess available after interest paid in full
Paying agent / trustee fees	5,675	5,650	6,025	6,025	5,861	5,626	(235)	6,050	Series A \$3,500; Series B \$2,000; + 5% of Interest Earned
Contingency	-	5,000	5,000	-	-	-	-	10,000	To Avoid Budget Amendment- Equal to Other Inc
<b>TOTAL EXPENDITURES</b>	<b>175,116</b>	<b>181,201</b>	<b>187,387</b>	<b>182,387</b>	<b>49,052</b>	<b>48,831</b>	<b>(221)</b>	<b>259,648</b>	
<b>REVENUE OVER / (UNDER) EXPENDITURES</b>	<b>1,467</b>	<b>378</b>	<b>1,592</b>	<b>(862)</b>	<b>126,042</b>	<b>123,700</b>	<b>2,342</b>	<b>240</b>	
<b>OTHER SOURCES / (USES)</b>									
Developer advances received	-	-	-	-	-	-	-	-	
Developer advances (paid)	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES / (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CHANGE IN FUND BALANCE</b>	<b>1,467</b>	<b>378</b>	<b>1,592</b>	<b>(862)</b>	<b>126,042</b>	<b>123,700</b>	<b>2,342</b>	<b>240</b>	
<b>BEGINNING FUND BALANCE</b>	173,736	174,945	175,204	175,204	175,204	174,945	259	174,341	
<b>ENDING FUND BALANCE</b>	<b>175,204</b>	<b>175,324</b>	<b>176,796</b>	<b>174,341</b>	<b>301,245</b>	<b>298,646</b>	<b>2,600</b>	<b>174,581</b>	See Breakdown Below
<b>COMPONENTS OF FUND BALANCE</b>									
Surplus Fund	173,450	172,500	172,500	172,500	179,842			172,500	Maximum Surplus required is \$172,500
Senior Bond Payment Fund	95	-	-	-	49,651			-	
Subordinate Bond Payment Fund	178	-	-	-	181			-	
Other/Internal Balances	1,481	2,824	4,296	1,841	71,573			2,081	
<b>TOTAL ENDING FUND BALANCE</b>	<b>175,204</b>	<b>175,324</b>	<b>176,796</b>	<b>174,341</b>	<b>301,245</b>			<b>174,581</b>	
=	=	=	=	=	=	=	=	=	

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

**EXHIBIT C**  
**2023 Audit**

**VILLAGE EAST METROPOLITAN DISTRICT NO.3**

**WELD COUNTY, COLORADO**

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT

---

December 31, 2023



**Crady, Puca & Associates**

*Certified Public Accountants & Consultants*

**VILLAGE EAST METROPOLITAN DISTRICT NO.3  
WELD COUNTY, COLORADO**

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## 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, 2023, 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, 2023, 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.

### **Other Information**

Management is responsible for the other information. The other information comprises the Continuing Disclosures on pages 22 to 24 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Crady, Puca & Associates*

Aurora, Colorado  
June 28, 2024

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**VILLAGE EAST METROPOLITAN DISTRICT NO. 3**  
**Statement of Net Position**  
**December 31, 2023**

	<u>Total Governmental Activities</u>
<b>Assets:</b>	
Cash and investments - unrestricted	\$ 28,297
Cash and investments - restricted	311,710
Accounts receivable -homeowners	9,098
Intergovernmental receivable	7,827
Due from county treasurer	582
Property tax receivable	270,588
Prepays	10,369
Capital assets:	
Depreciable, net	<u>1,020,787</u>
<b>Total assets</b>	<u>1,659,258</u>
<b>Liabilities:</b>	
Accounts payable	27,451
Accrued interest	29,887
Bonds payable:	
Due within one year	30,000
Due in more than one year	1,820,000
Developer payable:	
Due in more than one year	<u>6,237,280</u>
<b>Total liabilities</b>	<u>8,144,618</u>
<b>Deferred inflows of resources:</b>	
Unavailable revenue - prepaid assessments	19,321
Unavailable revenue - property taxes	<u>270,588</u>
<b>Total deferred inflows of resources</b>	<u>289,909</u>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for emergencies	5,725
Restricted for operations and capital reserves	128,483
Restricted for debt service	176,699
Unrestricted	<u>(7,086,176)</u>
<b>Total net position</b>	<u>\$ (6,775,269)</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, 2023**

	<b>Total Governmental Activities</b>
<b>Expenditures:</b>	
Governmental activities:	
Accounting and audit	\$ 37,480
Legal	21,617
Website	600
Election	1,784
Insurance and bonds	7,481
Dues	510
Treasurer fees	2,865
Bank fees	1,294
Trustee fees	5,500
District management services	22,105
Utilities	10,323
Landscape and maintenance	76,588
Miscellaneous	150
Depreciation	54,685
Interest on long-term debt	105,913
<b>Total expenditures</b>	<u>348,895</u>
<b>Program Revenues:</b>	
Homeowner assessments	138,600
<b>Total program revenues</b>	<u>138,600</u>
Net program income (expense)	(210,295)
<b>General Revenues:</b>	
Property and specific ownership taxes	199,038
Interest income	16,451
Other income	15,103
<b>Total general revenues</b>	<u>230,592</u>
<b>Change in net position</b>	20,297
<b>Net position, beginning of year</b>	<u>(6,795,566)</u>
<b>Net position, end of year</b>	<u>\$ (6,775,269)</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, 2023**

	<u>General Fund</u>	<u>Operations Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and investments - unrestricted	\$ 28,297	\$ -	\$ -	\$ 28,297
Cash and investments - restricted	-	135,510	176,200	311,710
Accounts receivable - homeowners	-	9,098	-	9,098
Intergovernmental receivable	-	7,827	-	7,827
Due from county treasurer	83	-	499	582
Property tax receivable	38,657	-	231,931	270,588
Prepays	4,610	5,759	-	10,369
<b>Total assets</b>	<u>\$ 71,647</u>	<u>\$ 158,194</u>	<u>\$ 408,630</u>	<u>\$ 638,471</u>
<b>Liabilities:</b>				
Accounts payable	\$ 27,451	\$ -	\$ -	\$ 27,451
<b>Total liabilities</b>	<u>27,451</u>	<u>-</u>	<u>-</u>	<u>27,451</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - prepaid assessments	-	19,321	-	19,321
Unavailable revenue - property taxes	38,657	-	231,931	270,588
<b>Total deferred inflows of resources</b>	<u>38,657</u>	<u>19,321</u>	<u>231,931</u>	<u>289,909</u>
<b>Fund balance:</b>				
Nonspendable - prepaid expenses	4,610	5,759	-	10,369
Restricted for emergencies	1,094	4,631	-	5,725
Restricted for debt service	-	-	176,699	176,699
Restricted for operations and capital replacements	-	128,483	-	128,483
Unassigned	(165)	-	-	(165)
<b>Total fund balance</b>	<u>5,539</u>	<u>138,873</u>	<u>176,699</u>	<u>321,111</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 71,647</u>	<u>\$ 158,194</u>	<u>\$ 408,630</u>	<u>\$ 638,471</u>

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

Total fund balance - governmental funds	321,111
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,020,787
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(8,117,167)
<b>Net position of governmental activities</b>	<u>\$ (6,775,269)</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, 2023**

	<u>General Fund</u>	<u>Operations Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property tax	\$ 27,273	\$ -	\$ 163,645	\$ 190,918
Specific ownership tax	1,160	-	6,960	8,120
Homeowner assessments	-	138,600	-	138,600
Interest income	5,034	15	11,402	16,451
Other income	507	14,596	-	15,103
<b>Total revenues</b>	<u>33,974</u>	<u>153,211</u>	<u>182,007</u>	<u>369,192</u>
<b>Expenditures:</b>				
Current:				
General government:				
Accounting and audit	21,790	15,690	-	37,480
Legal	7,018	14,599	-	21,617
Website	600	-	-	600
Election	1,784	-	-	1,784
Insurance and bonds	2,680	4,801	-	7,481
Dues	510	-	-	510
Treasurer fees	409	-	2,456	2,865
Bank fees	402	362	530	1,294
Trustee fees	-	-	5,500	5,500
District management services	-	22,105	-	22,105
Utilities	-	10,323	-	10,323
Landscape and maintenance	-	76,588	-	76,588
Miscellaneous	-	150	-	150
Debt service:				
Principal	-	-	25,000	25,000
Interest	-	-	147,026	147,026
<b>Total expenditures</b>	<u>35,193</u>	<u>144,618</u>	<u>180,512</u>	<u>360,323</u>
<b>Net change in fund balance</b>	(1,219)	8,593	1,495	8,869
<b>Fund balance, beginning of year</b>	<u>6,758</u>	<u>130,280</u>	<u>175,204</u>	<u>312,242</u>
<b>Fund balance, end of year</b>	<u>\$ 5,539</u>	<u>\$ 138,873</u>	<u>\$ 176,699</u>	<u>\$ 321,111</u>

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, 2023**

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	<b>Total Governmental Funds</b>
	<hr/>
<b>Net change in fund balance of the governmental funds</b>	<b>\$ 8,869</b>
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.	(54,685)
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/> 41,113
<b>Change in net position of governmental activities</b>	<b><hr/><hr/>\$ 20,297</b>

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 payable.

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, 2023, the District did not hold any investments required to be reported under fair value.

**Receivables**

Accounts receivable consist of homeowner assessments earned as of December 31, 2023. Intergovernmental receivables include amounts due from Village East Metropolitan District No. 1 and No. 2. The District considers all receivables collectible as of December 31, 2023. See Note 4 for additional information.

**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.

*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 15.

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.

**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, 2023 year-end fund balance in the General Fund and Operations Fund for emergencies as required under TABOR totaling \$5,725 which is the approximate required reserve at December 31, 2023.

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, 2023, cash and investments are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 28,297
Cash and investments - restricted	<u>311,710</u>
	<u>\$ 340,007</u>

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

<u>Type</u>	<u>Ratings per S&amp;P Global Ratings</u>	<u>Carrying Value</u>
Deposits with financial institutions		\$ 71,433
COLOTRUST PLUS+	AAAm	<u>268,574</u>
Total		<u>\$ 340,007</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.

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

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ 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, 2023, 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, 2023**

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**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, 2023 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	(161,464)	(30,275)	-	(191,739)
Non-potable water Infrastructure	(130,189)	(24,410)	-	(154,599)
Total accumulated depreciation	<u>(291,653)</u>	<u>(54,685)</u>	<u>-</u>	<u>(346,338)</u>
Total capital assets being depreciated, net	<u>1,075,472</u>	<u>(54,685)</u>	<u>-</u>	<u>1,020,787</u>
<b>Capital assets, net</b>	<u>\$ 1,075,472</u>	<u>\$ (54,685)</u>	<u>\$ -</u>	<u>\$ 1,020,787</u>

Depreciation expense of \$54,685 was charged to general government.

**Long-Term Obligations**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series 2017A Senior Bonds	\$ 1,630,000	\$ -	\$ (25,000)	\$ 1,605,000	\$ 30,000
Series 2017B Subordinate Bonds	245,000	-	-	245,000	-
Direct borrowings and direct placements:					
Developer payable – operations	14,000	-	-	14,000	-
Developer payable – capital	6,223,280	-	-	6,223,280	-
Governmental activities					
long-term debt	<u>\$ 8,112,280</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ 8,087,280</u>	<u>\$ 30,000</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, 2023, unpaid interest on the 2017B Subordinate Bonds amounted to \$14,764.

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, 2023, \$173,281 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, 2023**

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**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.

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	40,000	73,750	113,750
2029-2033	245,000	336,250	581,250
2034-2038	350,000	265,000	615,000
2039-2043	475,000	165,000	640,000
2044-2046	365,000	37,250	402,250
<b>Total</b>	<b>\$ 1,605,000</b>	<b>\$ 1,189,000</b>	<b>\$ 2,794,000</b>

At December 31, 2023, 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. At December 31, 2023, the District owes the Developer \$14,000 in principal plus \$7,644 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. At December 31, 2023, the District is obligated to the Developer for \$6,223,280 under this resolution. The resolution provides for payments subject to annual

**VILLAGE EAST METROPOLITAN DISTRICT NO. 3**

**Notes to Financial Statements**

**December 31, 2023**

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appropriations and does not guarantee future payments. No interest is to be accrued.

**4. Agreements**

In September 2022, the District entered into an Interim Intergovernmental Agreement Concerning District Non-Potable Water Infrastructure Ownership, Operations and Maintenance Obligations (IGA) with Village East Metropolitan District No.1 and Village East Metropolitan District No. 2, collectively District No. 1 and 2. The IGA outlines the ownership, operations and maintenance obligations between the District and District No. 1 and No. 2. The District shall allow District No. 1 and No. 2 to connect to the District's non-potable water system and in connection with this District No. 1 and No. 2 shall reimbursement the District for costs and expenses related to water rights, well operations and maintenance and any related improvements. Costs shall be allocated on a pro rata basis based upon each district's number of lots and/or single-family units which are connected to receive non-potable water. Each District shall be responsible for construction and maintenance of the non-potable system located in their respective district boundaries. At December 31, 2023, \$7,827 is due from District No. 1 and No. 2 related to the IGA.

**5. Risk Management**

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

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

**6. 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 \$346,338 or a net book value of \$1,020,787 are not financial resources and therefore are not reported in the funds.

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

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

Long-term liabilities, 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	\$ (1,850,000)
Developer payable	(6,237,280)
Accrued interest on bonds and developer payable	(29,887)
Net adjustment	<u>\$ (8,117,167)</u>

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

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

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

Depreciation expense	\$ <u>(54,685)</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 payable of \$41,113.



**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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
<b>Revenues:</b>				
Property tax	\$ 27,276	\$ 27,276	\$ 27,273	\$ (3)
Specific ownership tax	1,637	1,637	1,160	(477)
Interest and other income	1,500	7,000	5,541	(1,459)
<b>Total revenues</b>	<u>30,413</u>	<u>35,913</u>	<u>33,974</u>	<u>(1,939)</u>
<b>Expenditures:</b>				
General government:				
Accounting and audit	15,400	21,400	21,790	(390)
Legal	10,175	10,175	7,018	3,157
Website	-	-	600	(600)
Election	2,700	2,700	1,784	916
Insurance and bonds	3,200	2,680	2,680	-
Dues	500	500	510	(10)
Treasurer fees	409	409	409	-
Bank fees	750	750	402	348
Contingency	-	-	-	-
<b>Total expenditures</b>	<u>33,134</u>	<u>38,614</u>	<u>35,193</u>	<u>3,421</u>
<b>Net change in fund balance</b>	<u>(2,721)</u>	<u>(2,701)</u>	<u>(1,219)</u>	<u>1,482</u>
<b>Fund balance, beginning of year</b>	<u>7,901</u>	<u>6,758</u>	<u>6,758</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,180</u>	<u>\$ 4,057</u>	<u>\$ 5,539</u>	<u>\$ 1,482</u>

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**  
**Operations Fund**  
**For the Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
<b>Revenues:</b>				
Homeowner assessments	\$ 142,560	\$ 142,560	\$ 138,600	\$ (3,960)
Interest income	15	15	15	-
Other income	3,450	3,450	14,596	11,146
<b>Total revenues</b>	<u>146,025</u>	<u>146,025</u>	<u>153,211</u>	<u>7,186</u>
<b>Expenditures:</b>				
General government:				
Accounting and audit	9,000	15,000	15,690	(690)
Legal	9,050	9,050	14,599	(5,549)
Insurance	8,500	8,500	4,801	3,699
District management services	21,150	21,150	22,105	(955)
Utilities	9,200	9,200	10,323	(1,123)
Landscape and maintenance	78,200	78,200	76,588	1,612
Miscellaneous	1,000	1,000	512	488
Contingency	15,000	30,000	-	30,000
<b>Total expenditures</b>	<u>151,100</u>	<u>172,100</u>	<u>144,618</u>	<u>27,482</u>
<b>Net change in fund balance</b>	(5,075)	(26,075)	8,593	34,668
<b>Fund balance, beginning of year</b>	<u>126,971</u>	<u>130,280</u>	<u>130,280</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 121,896</u>	<u>\$ 104,205</u>	<u>\$ 138,873</u>	<u>\$ 34,668</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**  
**Debt Service Fund**  
**For the Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final</u>
<b>Revenues:</b>				
Property tax	\$ 163,660	\$ 163,660	\$ 163,645	\$ (15)
Specific ownership tax	9,820	9,820	6,960	(2,860)
Other income	5,000	5,000	-	(5,000)
Interest income	3,100	10,500	11,402	902
<b>Total revenues</b>	<u>181,580</u>	<u>188,980</u>	<u>182,007</u>	<u>(6,973)</u>
<b>Expenditures:</b>				
General government:				
Treasurer fees	2,455	2,455	2,456	(1)
Bank fees	-	-	530	(530)
Trustee fees	5,650	6,025	5,500	525
Contingency	5,000	5,000	-	5,000
Debt service:				
Principal	31,000	25,000	25,000	-
Interest	137,096	148,907	147,026	1,881
<b>Total expenditures</b>	<u>181,201</u>	<u>187,387</u>	<u>180,512</u>	<u>6,875</u>
<b>Net change in fund balance</b>	379	1,593	1,495	(98)
<b>Fund balance, beginning of year</b>	<u>174,945</u>	<u>175,204</u>	<u>175,204</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 175,324</u>	<u>\$ 176,797</u>	<u>\$ 176,699</u>	<u>\$ (98)</u>

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

**OTHER INFORMATION**

**Village East Metropolitan District No. 3**  
**Continuing Disclosure Undertaking - Series 2017A and Series 2017B Bonds**  
**Annual Financial Information for 2023**

**History of Assessed Valuations and Mill Levies for the District**

Levy/ Collection Year	Assessed Valuations		Mill Levies		
	Assessed Value	Percent Change	General Fund	Bond Redemption	Total Levy
2012/2013	\$ 13,150	-	0.000	0.000	0.000
2013/2014	22,910	74.2%	0.000	0.000	0.000
2014/2015	27,140	18.5%	0.000	0.000	0.000
2015/2016	44,590	64.3%	10.000	0.000	10.000
2016/2017	356,810	700.2%	5.000	30.000	35.000
2017/2018	3,826,380	972.4%	5.524	33.143	38.667
2018/2019	3,995,180	4.4%	5.517	33.105	38.622
2019/2020	4,543,930	13.7%	5.558	33.35	38.908
2020/2021	4,554,550	0.2%	5.558	33.35	38.908
2021/2022	4,887,690	7.3%	5.559	33.351	38.910
2022/2023	4,772,670	-2.4%	5.715	34.291	40.006
2023/2024	5,786,980	21.3%	6.680	40.078	46.758

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, *Annual Reports*, 2012-2019, the District, and Weld County Assessor's Office.

**Village East Metropolitan District No. 3**  
**Continuing Disclosure Undertaking - Series 2017A and Series 2017B Bonds**  
**Annual Financial Information for 2023**

<b>Property Tax Collections in the District</b>			
Levy/ Collection Year	Taxes Levied <sup>(1)</sup>	Current Tax Collection <sup>(2)</sup>	Collection Rate
2011/2012	-	-	-
2012/2013	-	-	-
2013/2014	-	-	-
2014/2015	-	-	-
2015/2016	446	437	98.0%
2016/2017	12,488	12,488	100.0%
2017/2018	147,947	147,947	100.0%
2018/2019	154,301	154,301	100.0%
2019/2020	176,795	176,795	100.0%
2020/2021	177,208	177,201	100.0%
2021/2022	190,180	190,635	100.2%
2022/20223	190,935	190,918	100.0%
2023/2024 <sup>(3)</sup>	270,588	153,352	56.7%

<sup>(1)</sup> Levied amounts do not reflect abatements or other adjustments.

<sup>(2)</sup> The County Treasurer's collection fee has not been deducted from these amounts. Figures do not include interest, fees and penalties.

<sup>(3)</sup> Collections through June 28, 2024.

Source: Weld County Treasurer



**Village East Metropolitan District No. 3**  
**Continuing Disclosure Undertaking - Series 2017A and Series 2017B Bonds**  
**Annual Financial Information for 2023**

**Valuation of Classes of Property in the District**

Valuation Year	Vacant Land		Residential		State Assessed		Oil & Gas		Commercial		Total	
	Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total
<u>Actual</u>												
2016	1,134,582	92.27%	-	0.00%	56,833	4.62%	38,181	3.11%	-	0.00%	1,229,596	100.00%
2017	2,106	0.00%	52,746,109	99.81%	59,158	0.11%	37,908	0.07%	-	0.00%	52,845,281	100.00%
2018	1,595	0.00%	54,365,623	99.49%	238,778	0.44%	39,118	0.07%	373	0.00%	54,645,487	100.00%
2019	1,595	0.00%	62,650,351	99.65%	181,645	0.29%	37,325	0.06%	1,265	0.00%	62,872,181	100.00%
2020	1,595	0.00%	62,811,357	99.65%	181,545	0.29%	32,039	0.05%	3,478	0.01%	63,030,014	100.00%
2021	1,595	0.00%	67,526,434	99.70%	171,296	0.25%	27,182	0.04%	1,906	0.00%	67,728,413	100.00%
2022	1,595	0.00%	67,664,286	99.65%	210,291	0.31%	26,527	0.04%	424	0.00%	67,903,123	100.00%
2023	-	0.00%	85,296,065	99.70%	232,260	0.27%	26,527	0.03%	-	0.00%	85,554,852	100.00%
<u>Assessed</u>												
2016	329,260	92.28%	-	0.00%	16,480	4.62%	11,070	3.10%	-	0.00%	356,810	100.00%
2017	610	0.02%	3,797,430	99.25%	17,160	0.45%	10,990	0.29%	-	0.00%	3,826,190	100.00%
2018	460	0.01%	3,914,030	97.97%	69,240	1.73%	11,340	0.28%	110	0.00%	3,995,180	100.00%
2019	460	0.01%	4,479,600	98.58%	52,680	1.16%	10,820	0.24%	370	0.01%	4,543,930	100.00%
2020	460	0.01%	4,491,130	98.61%	52,650	1.16%	9,300	0.20%	1,010	0.02%	4,554,550	100.00%
2021	460	0.01%	4,829,130	98.80%	49,670	1.02%	7,880	0.16%	550	0.01%	4,887,690	100.00%
2022	460	0.01%	4,703,420	98.55%	60,980	1.28%	7,690	0.16%	120	0.00%	4,772,670	100.00%
2023	-	0.00%	5,714,780	98.75%	64,800	1.12%	7,400	0.13%	-	0.00%	5,786,980	100.00%

Source: Abstracts from Weld County Assessor's Office