

Forest Hills Metropolitan District

Annual Financial Report

December 31, 2019 and 2018

Table of Contents


	Page
INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statements of Net Position	1-2
Statements of Activities	3-4
Fund Financial Statements:	
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	5
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statements of Net Position—Water and Sewer Fund	8
Statements of Revenue, Expenses and Changes in Net Position —Water and Sewer Fund	9
Statements of Cash Flows—Water and Sewer Fund	10
Statements of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—General Fund	11
Notes to Basic Financial Statements	12-26
SUPPLEMENTARY INFORMATION	
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Debt Service Fund	27
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Water and Sewer Fund	28
Ten-Year Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	29



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Independent Auditor's Report

To the Board of Directors
Forest Hills Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Forest Hills Metropolitan District as of and for the years ended December 31, 2019 and 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Forest Hills Metropolitan District, as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

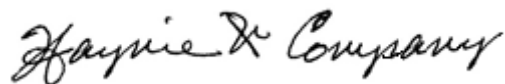
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Required Supplementary Information

Management has omitted the 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Forest Hills Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information as listed in the table of contents 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
June 17, 2020

Forest Hills Metropolitan District
Statement of Net Position
December 31, 2019

	Governmental Activities 2019	Business- Type Activities 2019	Total 2019
Assets			
Cash and cash equivalents - unrestricted	\$ 219,276	\$ 117,423	\$ 336,699
Cash and cash equivalents - restricted	67,120	-	67,120
Receivable - County Treasurer	3,948	-	3,948
Property taxes receivable	522,101	-	522,101
Accounts receivable net of allowance for doubtful accounts	-	683	683
Prepaid Expenses	395	1,716	2,111
Due from other funds	81,999	-	81,999
Capital assets, net of depreciation	376,066	2,615,550	2,991,616
Total assets	1,270,905	2,735,372	4,006,277
Liabilities			
Accounts payable	18,665	39,948	58,613
Due to other funds	-	81,999	81,999
Deposits	1,000	-	1,000
Accrued interest payable	10,245	-	10,245
Bonds payable:			
Due within one year	250,000	-	250,000
Due in more than one year	1,034,533	-	1,034,533
Total liabilities	1,314,443	121,947	1,436,390
Deferred Inflows of Resources			
Property tax revenue	522,101	-	522,101
Total deferred inflows of resources	522,101	-	522,101
Net Position			
Net investment in capital assets	(908,467)	2,615,550	1,707,083
Restricted for:			
Emergencies	5,125	-	5,125
Conservation trust fund	7,000	-	7,000
Debt service	60,120	-	60,120
Unrestricted	270,583	(2,125)	268,458
Total net position	(565,639)	2,613,425	2,047,786
Total liabilities, deferred inflow of resources and net position	\$ 1,270,905	\$ 2,735,372	\$ 4,006,277

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

Forest Hills Metropolitan District
Statement of Net Position
December 31, 2018

	Governmental Activities 2018	Business- Type Activities 2018	Total 2018
Assets			
Cash and cash equivalents - unrestricted	\$ 118,708	\$ 120,226	\$ 238,934
Cash and cash equivalents - restricted	64,341	-	64,341
Receivable - County Treasurer	4,655	-	4,655
Property taxes receivable	535,864	-	535,864
Accounts receivable net of allowance for doubtful accounts	-	955	955
Prepaid expenses	345	-	345
Due from other funds	73,184	-	73,184
Capital assets, net of depreciation	383,810	2,664,801	3,048,611
Total assets	1,180,907	2,785,982	3,966,889
Liabilities			
Accounts payable	11,311	11,585	22,896
Due to other funds	-	73,184	73,184
Deposits	1,000	-	1,000
Accrued interest payable	12,033	-	12,033
Bonds payable:			
Due within one year	245,000	-	245,000
Due in more than one year	1,284,313	-	1,284,313
Total liabilities	1,553,657	84,769	1,638,426
Deferred Inflows of Resources			
Property tax revenue	535,864	-	535,864
Total deferred inflows of resources	535,864	-	535,864
Net Position			
Net investment in capital assets	(1,145,503)	2,664,801	1,519,298
Restricted for:			
Emergencies	8,095	-	8,095
Conservation trust fund	4,613	-	4,613
Debt service	59,728	-	59,728
Unrestricted	164,453	36,412	200,865
Total net position	(908,614)	2,701,213	1,792,599
Total liabilities, deferred inflow of resources and net position	\$ 1,180,907	\$ 2,785,982	\$ 3,966,889

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

Forest Hills Metropolitan District
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 154,339	\$ -	\$ -	\$ (154,339)	\$ -	\$ (154,339)
Conservation trust funds	-	-	2,257	2,257	-	2,257
Depreciation	24,245	-	-	(24,245)	-	(24,245)
Interest and related costs on long term debt	71,027	-	-	(71,027)	-	(71,027)
	<u>\$ 249,611</u>	<u>\$ -</u>	<u>\$ 2,257</u>	<u>\$ (247,354)</u>	<u>\$ -</u>	<u>\$ (247,354)</u>
Business-type activities						
Water and sewer	272,769	295,821	-	-	23,052	23,052
Depreciation	110,840	-	-	-	(110,840)	(110,840)
	<u>383,609</u>	<u>295,821</u>	<u>-</u>	<u>-</u>	<u>(87,788)</u>	<u>(87,788)</u>
General revenues:						
Property taxes				535,864	-	535,864
Specific ownership taxes				45,659	-	45,659
Investment income				8,806	-	8,806
Total general revenues and transfers				<u>590,329</u>	<u>-</u>	<u>590,329</u>
Change in net position				342,975	(87,788)	255,187
Net position - beginning of year				(908,614)	2,701,213	1,792,599
Net position - end of year				<u>\$ (565,639)</u>	<u>\$ 2,613,425</u>	<u>\$ 2,047,786</u>

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

Forest Hills Metropolitan District
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 137,339	\$ -	\$ -	\$ (137,339)	\$ -	\$ (137,339)
Conservation trust funds	-	-	1,974	1,974	-	1,974
Depreciation	21,485	-	-	(21,485)	-	(21,485)
Interest and related costs on long term debt	80,949	-	-	(80,949)	-	(80,949)
	<u>\$ 239,773</u>	<u>\$ -</u>	<u>\$ 1,974</u>	<u>\$ (237,799)</u>	<u>\$ -</u>	<u>\$ (237,799)</u>
Business-type activities						
Water and sewer	274,738	322,975	-	-	48,237	48,237
Depreciation	<u>109,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,958)</u>	<u>(109,958)</u>
	<u>384,696</u>	<u>322,975</u>	<u>-</u>	<u>-</u>	<u>(61,721)</u>	<u>(61,721)</u>
General revenues:						
Property taxes				544,523	-	544,523
Specific ownership tax				50,426	-	50,426
Investment income				6,405	-	6,405
Grant income				22,903	-	22,903
Other income				<u>3,620</u>	<u>-</u>	<u>3,620</u>
Total general revenues and transfers				<u>627,877</u>	<u>-</u>	<u>627,877</u>
Change in net position				390,078	(61,721)	328,357
Net position - beginning of year				<u>(1,298,692)</u>	<u>2,762,934</u>	<u>1,464,242</u>
Net position - end of year				<u>\$ (908,614)</u>	<u>\$ 2,701,213</u>	<u>\$ 1,792,599</u>

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

Forest Hills Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2019 and 2018

	General Fund	Debt Service Fund	2019 Total	2018 Total
Assets				
Cash and investments	\$ 219,276	\$ -	\$ 219,276	\$ 118,708
Cash and investments - restricted	7,000	60,120	67,120	64,341
Receivable - County Treasurer	3,948	-	3,948	4,655
Property taxes receivable	225,268	296,833	522,101	535,864
Prepaid Expenses	395	-	395	345
Due from other funds	81,999	-	81,999	73,184
Total assets	\$ 537,886	\$ 356,953	\$ 894,839	\$ 797,097
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 18,665	\$ -	\$ 18,665	11,311
Deposits	1,000	-	1,000	1,000
Total liabilities	19,665	-	19,665	12,311
Deferred Inflows of Resources				
Property tax revenue	225,268	296,833	522,101	535,864
Total deferred inflows of resources	225,268	296,833	522,101	535,864
Fund Balances				
Nonspendable				
Prepaid expenses	395	-	395	345
Restricted for:				
Emergencies	5,125	-	5,125	8,095
Conservation trust fund	7,000	-	7,000	4,613
Debt service	-	60,120	60,120	59,728
Unassigned	280,433	-	280,433	176,141
Total Fund Balances	292,953	60,120	353,073	248,922
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	\$ 537,886	\$ 356,953	\$ 894,839	\$ 797,097
Total governmental fund balance per above			\$ 353,073	\$ 248,922
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:				
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds.			376,066	383,810
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:				
Bonds payable			(1,285,000)	(1,530,000)
Bond discount, net			467	687
Accrued interest payable			(10,245)	(12,033)
Net position of governmental activities			\$ (565,639)	\$ (908,614)

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

Forest Hills Metropolitan District
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
For the Years Ended December 31, 2019 and 2018

	<u>General</u>	<u>Debt Service</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenues:				
Property taxes	\$ 217,671	\$ 318,193	\$ 535,864	\$ 544,523
Specific ownership taxes	45,659	-	45,659	50,426
Conservation trust fund	2,257	-	2,257	1,974
Grant Income	-	-	-	22,903
Interest income	4,591	4,215	8,806	6,405
Other income	-	-	-	3,619
Total General Revenues	<u>270,178</u>	<u>322,408</u>	<u>592,586</u>	<u>629,850</u>
Expenditures:				
General government				
Administration	30,624	-	30,624	30,655
Audit	2,850	-	2,850	2,750
Insurance and bonds	5,038	-	5,038	4,609
Legal	4,943	-	4,943	5,499
Office expenses	2,800	-	2,800	2,874
Maintenance	99,102	-	99,102	82,264
Capital outlay	16,500	-	16,500	132,486
Treasurer's Fees	3,625	4,420	8,045	8,169
Miscellaneous	937	-	937	518
Debt service				
Bond principal payments	-	245,000	245,000	235,000
Bond interest	-	72,196	72,196	81,916
Paying agent fees	-	400	400	400
Total Expenditures	<u>166,419</u>	<u>322,016</u>	<u>488,435</u>	<u>587,140</u>
Excess (Deficiency) of Revenues over expenditures	<u>103,759</u>	<u>392</u>	<u>104,151</u>	<u>42,710</u>
Net change in fund balance	103,759	392	104,151	42,710
Fund balances:				
Beginning of the year	<u>189,194</u>	<u>59,728</u>	<u>248,922</u>	<u>206,212</u>
End of the year	<u>\$ 292,953</u>	<u>\$ 60,120</u>	<u>\$ 353,073</u>	<u>\$ 248,922</u>

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

Forest Hills Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance—total governmental funds	\$ 104,151	\$ 42,710
Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure; however, the Statement of Activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. In addition, in the Statement of Activities, conveyance of assets to the Water and Sewer Fund or other governmental entities is reported as an expense.		
Capital outlay	16,500	132,486
Depreciation	(24,245)	(21,485)
Long-term debt 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities.		
Bond principal reduction	245,000	235,000
Amortization of bond discount	(219)	(253)
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:		
Change in accrued interest on long-term obligations	1,788	1,620
Change in net position of governmental activities	\$ 342,975	\$ 390,078

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

Forest Hills Metropolitan District
Statements of Net Position
Water and Sewer Fund
December 31, 2019 and 2018

	Water and Sewer	
	2019	2018
Assets		
Cash and cash equivalents - unrestricted	\$ 117,423	\$ 120,226
Accounts receivable (net of allowance for doubtful accounts)	683	955
Prepaid expenses	1,716	-
Capital assets, net of depreciation	2,615,550	2,664,801
Total assets	2,735,372	2,785,982
Liabilities		
Accounts payable	39,948	11,585
Due to other funds	81,999	73,184
Total liabilities	121,947	84,769
Net Position		
Net investment in capital asset	2,615,550	2,664,801
Unrestricted	(2,125)	36,412
Total net position	2,613,425	2,701,213
Total liabilities and net position	\$ 2,735,372	\$ 2,785,982

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

Forest Hills Metropolitan District
Statement of Revenue, Expenses and Changes in Net Position
—Water and Sewer Fund
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Service charges - water	\$ 135,774	\$ 141,033
Service charges - sewer	155,453	155,037
Availability of service	720	960
Miscellaneous	3,874	25,945
Total operating revenues	<u>295,821</u>	<u>322,975</u>
Operating Expenses		
Administration	38,753	38,095
Insurance and bonds	4,693	4,371
Professional Fees	6,076	14,387
Plant Operations	106,214	97,719
Utilities	25,446	25,176
Repairs and maintenance	63,266	70,432
Allocated overhead and other expenses	15,717	17,628
Water rights annual compliance	12,604	6,930
Depreciation	110,840	109,958
Total operating expenses	<u>383,609</u>	<u>384,696</u>
Net Operating (Loss)	<u>(87,788)</u>	<u>(61,721)</u>
Change in Net Position	(87,788)	(61,721)
Net Position—Beginning of Year	<u>2,701,213</u>	<u>2,762,934</u>
Net Position—End of Year	<u>\$ 2,613,425</u>	<u>\$ 2,701,213</u>

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

Forest Hills Metropolitan District
Statements of Cash Flows
—Water and Sewer Fund
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 296,091	\$ 326,546
Cash paid to suppliers for goods and services	(237,305)	(271,376)
Net cash from operating activities	<u>58,786</u>	<u>55,170</u>
Cash Flows from Investing Activities		
Purchase of capital assets	(61,589)	(16,568)
Net cash from non-capital financing activities	<u>(61,589)</u>	<u>(16,568)</u>
Net Change in Cash and Cash Equivalents	(2,803)	38,602
Cash and Cash Equivalents—Beginning of Year	<u>120,226</u>	<u>81,624</u>
Cash and Cash Equivalents—End of Year	<u>\$ 117,423</u>	<u>\$ 120,226</u>
Reconciliation of Net Operating Loss to		
Net Cash From Operating Activities:		
Net operating loss	\$ (87,788)	\$ (61,721)
Adjustments to reconcile net operating loss to net		
Cash from operating activities:		
Depreciation	110,840	109,958
Changes in assets and liabilities:		
Change in accounts receivable	272	3,570
Change in prepaid expenses	(1,716)	4,371
Change in accounts payable	37,178	(1,008)
Total adjustments	<u>146,574</u>	<u>116,891</u>
Net Cash From Operating Activities	<u>\$ 58,786</u>	<u>\$ 55,170</u>

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

Forest Hills Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Actual and Budget—General Fund
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property taxes	\$ 217,671	\$ 217,671	\$ -
Specific Ownership Taxes	30,000	45,659	15,659
Conservation trust funds	1,850	2,257	407
Interest income	1,089	4,591	3,502
Total revenue	250,610	270,178	19,568
Expenditures:			
Administration	30,915	30,624	291
Audit	2,850	2,850	-
Insurance and bonds	4,000	5,038	(1,038)
Legal	6,000	4,943	1,057
Office expense	7,419	2,800	4,619
Open Space Management	122,340	115,602	6,738
Treasurer's Fees	3,266	3,625	(359)
Miscellaneous	6,000	937	5,063
Total Expenditures	182,790	166,419	16,371
Excess (deficiency) of revenues over expenditures	67,820	103,759	35,939
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	67,820	103,759	35,939
Fund balance—beginning of year	159,346	189,194	29,848
Fund balance—end of year	\$ 227,166	\$ 292,953	\$ 65,787

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

Forest Hills Metropolitan District

Notes to Financial Statements

December 31, 2019 and 2018

1. Definition of Reporting Entity

Forest Hills Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District was established to develop and provide water and sanitation facilities and services. Additional projects include construction of roads and recreational facilities. The District's primary revenues are property taxes, water charges and sewer charges. The District is governed by an elected Board of Directors.

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

The District has no employees and contracts for all of its management and professional services.

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

2. Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by property taxes collected. Both statements distinguish between governmental activities, which normally are supported by taxes and business-type activities, which rely to a significant extent on fees and charges for support.

Forest Hills Metropolitan District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 related cash flows. Expenditures for redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities and is included with the general fund in the financial statements.

The District reports the following major proprietary fund:

The Water and Sewer Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the Water and Sewer Fund.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes received from other governmental activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting.

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2019 and 2018, the District did not incur any noncash activities.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with Accounting Standards Generally Accepted in the United States (GAAP) requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Forest Hills Metropolitan District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Bond Issue Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the period incurred.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain for assets of the District is reported on the Statement of Activities as a current charge.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Water and sewer systems	50 years
Telemetry system	15 years
Streets and recreation	25 – 30 years

Property Tax

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties

Forest Hills Metropolitan District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue 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. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Forest Hills Metropolitan District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. Cash and Investments

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

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

A portion of the funds on hand in the Debt Service Fund are assigned for future debt service.

As of December 31, 2019 and 2018, the District's cash deposits had a carrying balance of \$403,819 and \$303,275, respectively. The bank balance at December 31, 2019 and 2018 is \$404,649 and \$332,828, respectively, which was FDIC insured.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Forest Hills Metropolitan District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

3. Cash and Investments (continued)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	Weighted average under 60 days	\$ 238,000

As of December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	Weighted average under 60 days	\$ 137,349

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian' internal records segregate investments owned by the Trust.

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

3. Cash and Investments (continued)

COLOTRUST is rated AAAM by Standard & Poor's COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

4. Capital Assets

An analysis of the changes in net capital assets during 2019 follows:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Erosion System	\$ 61,089	\$ -	\$ -	\$ 61,089
Total capital assets not being depreciated	<u>61,089</u>	<u>-</u>	<u>-</u>	<u>61,089</u>
Capital assets being depreciated:				
Streets	1,778,420	16,500	-	1,794,920
Landscaping/Fire Mitigation	152,954	-	-	152,954
Recreation	237,152	-	-	237,152
Total capital assets being depreciated	<u>2,168,526</u>	<u>16,500</u>	<u>-</u>	<u>2,185,026</u>
Accumulated depreciation	<u>(1,845,805)</u>	<u>(24,245)</u>	<u>-</u>	<u>(1,870,050)</u>
Net capital assets being depreciated	<u>322,721</u>	<u>(7,745)</u>	<u>-</u>	<u>314,977</u>
Governmental assets, net	<u>\$ 383,810</u>	<u>\$ (7,745)</u>	<u>\$ -</u>	<u>\$ 376,066</u>

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

4. Capital Assets (continued)

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>
<u>Business Type Activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 8,663	\$ 42,368	\$ -	\$ 51,031
Total capital assets not being depreciated	<u>8,663</u>	<u>42,368</u>	<u>-</u>	<u>51,031</u>
Capital assets being depreciated:				
Water system	2,553,681	19,221	-	2,572,902
Sewer system	<u>2,677,695</u>	<u>-</u>	<u>-</u>	<u>2,677,695</u>
Total capital assets being depreciated	5,231,376	19,221	-	5,250,597
Accumulated depreciation	<u>(2,575,238)</u>	<u>(110,840)</u>	<u>-</u>	<u>(2,686,078)</u>
Net capital assets being depreciated	<u>2,656,138</u>	<u>(91,619)</u>	<u>-</u>	<u>2,564,519</u>
Business type assets, net	<u>\$2,664,801</u>	<u>\$ (49,251)</u>	<u>\$ -</u>	<u>\$ 2,615,550</u>

Depreciation expense charged in 2019 to the governmental and enterprise functions of the District were \$24,245 and \$110,840, respectively.

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

4. Capital Assets (continued)

An analysis of the changes in net capital assets during 2018 follows:

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Erosion System	\$ 61,089	\$ -	\$ -	\$ 61,089
Total capital assets not being depreciated	<u>61,089</u>	<u>-</u>	<u>-</u>	<u>61,089</u>
Capital assets being depreciated:				
Streets	1,666,682	111,738	-	1,778,420
Landscaping/Fire Mitigation	132,206	20,748	-	152,954
Recreation	237,152	-	-	237,152
Total capital assets being depreciated	<u>2,036,040</u>	<u>132,486</u>	<u>-</u>	<u>2,168,526</u>
Accumulated depreciation	<u>(1,824,320)</u>	<u>(21,485)</u>	<u>-</u>	<u>\$(1,845,805)</u>
Net capital assets being depreciated	<u>211,720</u>	<u>111,001</u>	<u>-</u>	<u>322,721</u>
Governmental assets, net	<u>\$ 272,809</u>	<u>\$ 111,001</u>	<u>\$ -</u>	<u>\$ 383,810</u>
	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
<u>Business Type Activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 8,663	\$ -	\$ 8,663
Total capital assets not being depreciated	<u>-</u>	<u>8,663</u>	<u>-</u>	<u>8,663</u>
Capital assets being depreciated:				
Water system	\$2,545,776	\$ 7,905	\$ -	\$ 2,553,681
Sewer system	2,677,695	-	-	2,677,695
Total capital assets being depreciated	<u>5,223,471</u>	<u>7,905</u>	<u>-</u>	<u>5,231,376</u>
Accumulated depreciation	<u>(2,465,280)</u>	<u>(109,958)</u>	<u>-</u>	<u>(2,575,238)</u>
Net capital assets being depreciated	<u>2,758,191</u>	<u>(102,053)</u>	<u>-</u>	<u>2,656,138</u>
Business type assets, net	<u>\$2,758,191</u>	<u>\$ (93,390)</u>	<u>\$ -</u>	<u>\$ 2,664,801</u>

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

4. Capital Assets (continued)

Depreciation expense charged in 2018 to the governmental and enterprise functions of the District were \$21,485 and \$109,958, respectively.

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term debt for the years ended December 31, 2019 and 2018:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Current</u> <u>Portion</u>
General Obligation Refunding					
Bond Series 2009	\$ 1,150,000	\$ -	\$ (210,000)	\$ 940,000	\$215,000
General Obligation Bonds					
Series 2009B	380,000	-	(35,000)	\$ 345,000	35,000
	<u>1,530,000</u>	<u>-</u>	<u>(245,000)</u>	<u>1,285,000</u>	<u>250,000</u>
Original issue discount	(687)	-	219	\$ (467)	(182)
	<u>\$ 1,529,313</u>	<u>\$ -</u>	<u>\$ (244,781)</u>	<u>\$ 1,284,533</u>	<u>\$249,818</u>

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Current</u> <u>Portion</u>
General Obligation Refunding					
Bond Series 2009	\$ 1,350,000	\$ -	\$ (200,000)	\$ 1,150,000	\$210,000
General Obligation Bonds					
Series 2009B	415,000	-	(35,000)	\$ 380,000	35,000
	<u>1,765,000</u>	<u>-</u>	<u>(235,000)</u>	<u>1,530,000</u>	<u>245,000</u>
Original issue discount	(940)	-	253	\$ (687)	(219)
	<u>\$ 1,764,060</u>	<u>\$ -</u>	<u>\$ (234,747)</u>	<u>\$ 1,529,313</u>	<u>\$244,781</u>

General Obligation Refunding Bonds Series 2009

On March 18, 2009 the District issued \$2,855,000 of General Obligation Refunding Bonds Series 2009 to refund all of the Series 1998 Bonds. The Series 2009 bonds carry coupon rates of 2.25% to 4.75% and mature annually commencing in 2009 through 2023 with interest payable on May 1st and November 1st and principal payable on November 1st. The bonds maturing on and before November 1, 2018 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on and after November 1, 2019 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, on November 1, 2018, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

5. Long-Term Liabilities (continued)

General Obligation Bonds Series 2009B

On December 29, 2009 the District issued \$650,000 of General Obligation Bonds Series 2009B dated December 29, 2009 for the purpose of financing the cost of improvements to the water and wastewater system and paying the costs of issuance of the Bonds. The Series 2009B bonds carry coupon rates of 1.5% to 4.875% and mature annually commencing in 2010 through 2027 with interest payable on May 1st and November 1st and principal payable on November 1st. The Bonds maturing on and before November 1, 2019 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on and after November 1, 2020 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, on November 1, 2019, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

Below is a summary of the future maturities of the Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	250,000	61,469	311,469
2021	270,000	49,549	319,549
2022	280,000	36,675	316,675
2023	295,000	23,325	318,325
2024	45,000	9,262	54,262
2025-2027	<u>145,000</u>	<u>14,382</u>	<u>159,382</u>
	<u>\$1,285,000</u>	<u>\$ 194,662</u>	<u>\$ 1,479,662</u>

As of December 31, 2019, the District had no voted debt. The District has not budgeted to issue any additional debt in 2020.

6. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019 and 2018, the District had a net investment in capital assets in the amount of \$1,707,083 and \$1,519,298, respectively.

Forest Hills Metropolitan District
Notes to Financial Statements (continued)
December 31, 2019 and 2018

6. Net Position (continued)

Restricted net position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Emergencies (see Note 8)	\$ 5,125	\$ 8,095
Conservation trust fund	7,000	4,613
Debt service (see Note 5)	<u>60,120</u>	<u>59,728</u>
	<u>\$ 72,245</u>	<u>\$ 72,436</u>

The District's unrestricted net position as of December 31, 2019 totaled \$268,458. The District's unrestricted net position as of December 31, 2018 totaled \$200,865.

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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.

Forest Hills Metropolitan District

Notes to Financial Statements (continued)

December 31, 2019 and 2018

8. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue from grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases 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 requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2019, the District had \$5,125 restricted for emergencies. At December 31, 2018 the District had \$8,095 restricted for emergencies.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

9. Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the District. Other financial impact could occur, though such potential impact is unknown at this time.

Supplementary Information

Forest Hills Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Actual and Budget—Debt Service Fund
For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property taxes	\$ 318,193	\$ 318,193	\$ -
Interest income	3,820	4,215	395
Total revenue	<u>322,013</u>	<u>322,408</u>	<u>395</u>
Expenditures:			
Treasurer's fees	4,773	4,420	353
Bond principal payments	245,000	245,000	-
Bond interest	72,196	72,196	-
Paying agent fees	400	400	-
Total expenditures	<u>322,369</u>	<u>322,016</u>	<u>353</u>
Excess (deficiency)	<u>(356)</u>	<u>392</u>	<u>748</u>
Fund balance—beginning of year	<u>59,675</u>	<u>59,728</u>	<u>53</u>
Fund balance—end of year	<u>\$ 59,319</u>	<u>\$ 60,120</u>	<u>\$ 801</u>

Forest Hills Metropolitan District
Statement of Revenue, Expenditures and Changes
in Fund Balance—Actual and Budget—Water and Sewer Fund
For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Water use fees	\$ 135,420	\$ 135,774	\$ 354
Sewer use fees	155,400	155,453	53
Availability of service	960	720	(240)
SRF Loan	500,000	-	(500,000)
Miscellaneous income	500	3,874	3,374
Total revenues	792,280	295,821	(496,459)
Expenditures:			
Administration	33,540	38,753	(5,213)
Insurance and bonds	5,500	4,693	807
Professional fees	8,250	6,076	2,174
Plant operations	149,400	106,214	43,186
Utilities	30,000	25,446	4,554
Repairs and maintenance	56,800	63,266	(6,466)
Capital outlay	500,000	61,589	438,411
Allocated overhead and other expenses	10,183	15,717	(5,534)
Water rights annual compliance	4,290	12,604	(8,314)
Total Expenditures	797,963	334,358	463,605
Excess (deficiency) non-GAAP basis	(5,683)	(38,537)	(32,854)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,683)	(38,537)	(32,854)
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):			
Depreciation expense		(110,840)	
Capital assets additions		61,589	
Change in net position per Statement of Revenues Expenses and Changes in Net Position		\$ (87,788)	

**Forest Hills Metropolitan District
Ten-Year Summary of Assessed Valuation,
Mill Levy, and Property Taxes Collected
For the Year Ended December 31, 2019**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2010	8,549,990	60.272	515,325	513,639	99.67%
2011	8,657,850	60.272	521,826	520,776	99.80%
2012	8,196,097	60.272	493,995	493,464	99.89%
2013	8,124,511	55.785	453,226	453,568	100.08%
2014	8,706,180	55.785	485,675	483,586	99.57%
2015	8,658,652	57.785	500,340	500,340	100.00%
2016	8,747,778	57.785	505,490	507,868	100.47%
2017	8,746,265	60.785	531,642	530,367	99.76%
2018	8,958,166	60.785	544,522	544,523	100.00%
2019	8,963,176	59.785	535,864	535,864	100.00%

Estimated for the year
ending 12/31/2020 9,267,027 56.285 522,101

Note

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.