FOXHILL METROPOLITAN DISTRICT NO. 1
(Douglas County, Colorado)

FINANCIAL STATEMENTS

with Independent Auditor's Report

DECEMBER 31, 2020

FOXHILL METROPOLITAN DISTRICT NO. 1

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INDEPENDENT AUDITORS' REPORT

Haynie & Company
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To the Board of Directors of
Foxhill Metropolitan District No. 1

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of Foxhill Metropolitan District No. 1, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Foxhill Metropolitan District No. 1, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foxhill Metropolitan District No. 1'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 Foxhill Metropolitan District No. 1'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 Foxhill Metropolitan District No. 1'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 the management 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise Foxhill Metropolitan District No. 1's basic financial statements. The other supplemental information schedule as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company

Littleton, CO
June 13, 2022

BASIC FINANCIAL STATEMENTS

Foxhill Metropolitan District No. 1
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 6,077	$ 25,802	$ 31,879
IGA receivable	152	-	152
Accounts receivable	4,712	11,600	16,312
Prepaid expenses	11,546	-	11,546
Due from other funds	-	106,958	106,958
Capital assets, not being depreciated	6,695,328	2,515,582	9,210,910
Total assets	6,717,815	2,659,942	9,377,757
LIABILITIES			
Accounts payable	12,550	6,541	19,091
Due to other funds	106,958	-	106,958
Long-term liabilities			
Due within one year	-	370,000	370,000
Due in more than one year	1,502,165	1,932,755	3,434,920
Total liabilities	1,621,673	2,309,296	3,930,969
NET POSITION			
Net investment in capital assets	5,193,163	212,827	5,405,990
Restricted			
Emergency reserve (TABOR)	2,710	-	2,710
Unrestricted	(99,731)	137,819	38,088
Total net position (deficit)	$ 5,096,142	$ 350,646	$ 5,446,788

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

Foxhill Metropolitan District No. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

		Program Revenue			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
General government	$ 90,362	2,389	$ -	$ 5,919,500	$ 5,831,527	$ -	$ 5,831,527
Interest on long-term debt and related costs	125,246	-	-	-	(125,246)	-	(125,246)
Total government activities	$ 215,608	$ 2,389	$ -	$ 5,919,500	5,706,281		$ 5,706,281
Business-type activities:							
Water operations	$ 85,423	$ 78,595		$ 420,000		413,172	413,172
Interest on long-term debt and related costs	487,511	-	-	-		(487,511)	(487,511)
Total	$ 487,511	$ 78,595	$ -	$ 420,000		$ (74,339)	$ (74,339)
Revenue:							
IGA revenue					21,257	-	21,257
District fees					38,475	-	38,475
Miscellaneous income					1,750		1,750
Total revenue					61,482	-	61,482
Change in net position					5,767,763	(74,339)	5,693,424
Net position - Beginning - Restated					(671,622)	424,985	(246,637)
Net position - Ending					$ 5,096,142	$ 350,646	$ 5,446,788

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

Foxhill Metropolitan District No. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General Fund	Captial Projects Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 6,077	$ -	$ 6,077
Accounts receivable	4,712	-	4,712
IGA Receivable	152	-	152
Prepaid expense	11,546	-	11,546
Total assets	$ 22,487	$ -	$ 22,487
LIABILITIES AND FUND BALANCE			
Accounts payable	$ 12,550	$ -	$ 12,550
Due to other funds	106,958	-	106,958
Total liabilities	119,508	-	119,508
FUND BALANCE			
Restricted:			
Emergency reserves	2,710	-	2,710
Unassigned	(99,731)	-	(99,731)
Total fund balance	(97,021)	-	(97,021)
TOTAL LIABILITIES AND FUND BALANCE	$ 22,487	$ -	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets	6,695,328
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position: Promissory Note - principal and interest	(1,502,165)
Net position of governmental activities	$ 5,096,142

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

Foxhill Metropolitan District No. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUE			
IGA revenue	$ 21,257	$ -	$ 21,257
District fees	38,475	-	38,475
Trash fees	2,389	-	2,389
Miscellaneous income	1,750	-	1,750
Total revenue	63,871	-	63,871
EXPENDITURES			
General government			
Audit	4,400	-	4,400
Accounting and management	25,665	-	25,665
Dues and subscriptions	495	-	495
Insurance	6,770	-	6,770
Landscape maintenance	6,127	-	6,127
Legal	37,942	-	37,942
Trash service	2,859	-	2,859
Utilities	1,709	-	1,709
Contingency/miscellaneous	4,395	-	4,395
Capital expenses	-	2,676,440	2,676,440
Total expenditures	90,362	2,676,440	2,766,802
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(26,491)	(2,676,440)	(2,702,931)
OTHER FINANCING SOURCES (USES)			
Promissory Note - principal	-	(5,194,931)	(5,194,931)
Promissory Note - interest	-	(724,569)	(724,569)
Developer Advance	-	2,676,440	2,676,440
Transfer from District No. 2	-	5,919,500	5,919,500
Total other financing sources (uses)	-	2,676,440	2,676,440
NET CHANGE IN FUND BALANCE	(26,491)	-	(26,491)
FUND BALANCE - BEGINNING OF YEAR	(70,530)	-	(70,530)
FUND BALANCE - END OF YEAR	$ (97,021)	$ -	$ (97,021)

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

Foxhill Metropolitan District No. 1

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	$ (26,491)
Governmental funds report capital outlays as expenditures. However, 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.	2,676,440
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Repayment of Promissory Note - principal	5,194,931
Repayment of Promissory Note - interest	724,569
Developer advance	(2,676,440)
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.	
Current year interest on Promissory Note	(125,246)
Change in net position - Governmental activities	$ 5,767,763

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

Foxhill Metropolitan District No. 1
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2020

		Water Activity Enterprise Fund
ASSETS		
Cash	$	25,802
Accounts receivable		11,600
Due from other funds		106,958
Capital assets not being depreciated		2,515,582
Total assets		2,659,942
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	$	6,541
Non-current liabilities:		
Long-term debt:		
Due within one year		370,000
Due in more than one year		1,932,755
Total liabilities		2,309,296
NET POSITION		
Net investment in capital assets		212,827
Unrestricted		137,819
Total net position	$	350,646

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

Foxhill Metropolitan District No. 1

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2020

	Water Activity Enterprise Fund
OPERATING REVENUE	
Water revenue	$ 78,595
Water system PIFs	420,000
Total operating revenue	498,595
OPERATING EXPENSES	
Operating expenses	85,423
Total operating expenses	85,423
OPERATING INCOME	413,172
NONOPERATING REVENUE (EXPENSE)	
Bond issuance costs	(75,500)
Interest and fiscal charges	(412,011)
Total nonoperating revenue, net	(487,511)
CHANGE IN NET POSITION	(74,339)
NET POSITION - BEGINNING OF YEAR - Restated	424,985
NET POSITION - END OF YEAR	$ 350,646

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

FOXHILL METROPOLITAN DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2020

	Water Activity Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 486,996
Cash payments to suppliers for goods and services	(80,699)
Net cash used in operating activities	406,297
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(28,000)
Net cash used by noncapital financing activities	(28,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Bond principal payment	(447,000)
Bond proceeds	2,575,000
Bond issuance costs	(75,500)
Promissory note - principal	(2,149,635)
Promissory note - interest	(409,865)
Interest and fiscal charges paid on debt	(2,146)
Net cash used by capital and related financing activities	(509,146)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(130,849)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	156,651
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 25,802

RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Operating income	$ 413,172
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Effects of changes in operating assets and liabilities:	
Accounts receivable	(11,599)
Accounts payable	4,724
Total adjustments	(6,875)
Net cash provided by operating activities	$ 406,297

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

Foxhill Metropolitan District No. 1

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
IGA revenue	$ 20,808	$ 21,257	$ 21,257	$ -
District fees	45,000	38,475	38,475	-
Trash fees	10,000	2,389	2,389	-
ARC/Transfer fees	10,000	-	-	-
Miscellaneous income	-	1,750	1,750	-
Total Revenue	85,808	63,871	63,871	-
EXPENDITURES				
General government:				
Audit	1,500	4,400	4,400	-
District accounting and management	15,000	25,665	25,665	-
Dues and subscriptions	1,500	495	495	-
Insurance	2,500	6,770	6,770	-
Landscape maintenance	-	6,127	6,127	-
Legal	20,000	37,942	37,942	-
Trash service	10,000	2,859	2,859	-
Utilities	-	1,709	1,709	-
Contingency/miscellaneous	9,500	4,395	4,395	-
Total Expenditures	60,000	90,362	90,362	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	25,808	(26,491)	(26,491)	-
OTHER FINANCING SOURCES (USES)				
Repayment of developer advance - principal	(15,000)	-	-	-
Total other financing sources (uses)	(15,000)	-	-	-
NET CHANGE IN FUND BALANCE	10,808	(26,491)	(26,491)	-
FUND BALANCE - BEGINNING OF YEAR	(9,228)	(9,228)	(70,530)	(61,302)
FUND BALANCE - END OF YEAR	$ 1,580	$ (35,719)	$ (97,021)	$ (61,302)

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foxhill Metropolitan District No. 1(the "District") is a quasi-municipal political subdivision of the State of Colorado organized on May 2, 2006. The District was organized to provide for construction and financing of street, safety control, water, sanitation, storm drainage and landscaping improvements. The District derives its revenue principally from property taxes and developer advances.

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

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies used in the preparation of these financial statements follows.

Reporting Entity — The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Government-Wide and Fund Financial Statements — The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which 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) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues.* Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied.

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 period or soon enough thereafter to pay liabilities of the current fiscal 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. Those revenues susceptible to accrual are property taxes and are recognized as revenue by the District. All other revenue items, including developer advances, are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

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

Capital Projects Fund – The capital projects fund accounts for the financial resources to be used for the acquisition and construction of capital infrastructure.

Enterprise Fund – The enterprise fund is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has one enterprise fund-the Water Enterprise Fund. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

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

Property Taxes – 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 taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November 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 inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets — Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks, and similar items) are reported 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. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Deferred Inflows and Deferred Outflows of Resources - In addition to assets, the statement of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District did not have any Deferred Outflows at December 31, 2020.

In addition to liabilities, the statement of net position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any Deferred Inflows at December 31, 2020.

Fund Balance Classification — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted -This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information — The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted by the District to obtain taxpayer comments.

3. Prior to December 15, the budget is legally approved.

4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

5. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.

6. The budget for the all funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Budgeted amounts are as originally adopted or amended. The Board of Directors approved supplemental appropriations in the General Fund from $60,000 to $90,362, in the Water Enterprise Fund from $1,695,000 to $3,169,569.

8. All annual appropriations lapse at the end of the year.

3. CASH AND INVESTMENTS

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

At December 31, 2020, the District's cash deposits had a bank balance of $35,434 and a carrying balance of $31,879.

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

As of December 31, 2020, the District had no investments.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

Governmental activities:	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020
Capital assets, not being depreciated:				
Construction in progress	$ 4,018,888	$ 2,676,440	$ -	$ 6,695,328
Total capital assets not being depreciated	$ 4,018,888	$ 2,676,440	$ -	$ 6,695,328

Business-type activities:	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020
Capital assets, not being depreciated:				
Construction in progress	$ 2,515,582	-	$ -	$ 2,515,582
Total capital assets not being depreciated	$ 2,515,582	$ -	$ -	$ 2,515,582

5. LONG-TERM LIABILITIES

The District's long-term obligations at December 31, 2020 were as follows:

Governmental activities:	Balance at December 31, 2019	Additons	Reductions	Balance at December 31, 2020	Due Within One Year
Promissory Note - capital	$ 4,014,846	$ 2,676,440	$ 5,194,931	$ 1,496,355	$ -
Promissory Note - interest	466,190	264,190	724,569	5,811	-
	$ 4,481,036	$ 2,940,630	$ 5,919,500	$ 1,502,165	$ -

Business-type activities:	Balance at December 31, 2019	Additons	Reductions	Balance at December 31, 2020	Due Within One Year
Revenue Bonds					
Series 2020	$ -	$ 2,575,000	$ 447,000	$ 2,128,000	$ 370,000
Total Bonds Payable	$ -	$ 2,575,000	$ 447,000	$ 2,128,000	$ 370,000
Promissory Note					
Promissory Note - principal	2,323,714	200,000	2,349,635	174,079	-
Promissory Note - interest	273,394	137,147	409,865	676	-
Total Notes Payable	$ 2,597,108	$ 5,487,147	$ 3,653,500	$ 4,430,755	$ 740,000
	$ 2,597,108	$ 8,062,147	$ 4,100,500	$ 6,558,755	$ 1,110,000

Water Revenue Bonds- On December 10, 2020 the District issued Water Enterprise Revenue Bonds-Series 2020 in the amount of $2,575,000. The bonds were issued to fund the repayment of to the developer for capital water improvements. The bonds are payable semiannually on June 15 and December 15 each year commencing December 15, 2020 with the final payment due December 15, 2030. The bonds are pledged by water tap fee revenue and have an interest rate of 6.00%

Annual debt service requirements to maturity for business-type activities the 2020 bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	$ 370,000	$ 127,680	$ 497,680
2022	369,000	105,480	474,480
2023	368,000	83,340	451,340
2024	401,000	61,260	462,260
2025	428,000	37,200	465,200
2026 - 2030	192,000	36,240	228,240
Total	$ 2,128,000	$ 451,200	$ 2,579,200

The occurrence or existence of any one or more of the following events shall constitute an Event of Default per the Bond Resolution:

(a) the Issuer fails to deposit the Pledged Revenue as required under the Bond Resolution;

(b) the Issuer defaults in the performance of any other of its covenants in the Bond Resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the Issuer by the Owner; or

(c) the Issuer files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligations represented by the Bonds.

Due to the limited nature of the pledged revenues, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

Upon the occurrence of an Event of Default, the Owner, or a trustee, therefor, may protect and enforce its rights by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies. Any receiver appointed to protect the rights of the Owner may take possession of and operate and maintain the Water System in the same manner as the Issuer itself might do. The failure of the Owner to proceed does not relieve the Issuer or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right, and the exercise of any right by the Owner shall not be deemed a waiver of any other right. Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

Debt Authorization – On May 2, 2006, a majority of qualified electors of the District who voted in the election authorized the issuance of indebtedness. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $6,000,000.

Developer Advances – On June 7, 2018 the District entered into an agreement with Foxhill Development, Inc. (the "Developer") for reimbursement of costs related to capital improvements plus interest at 2% plus the current Federal Reserve Board Prime Rate. As of December 31, 2020, outstanding advances under the Promissory Note total $1,496,355 and accrued interest of $5,811.

On June 7, 2018, the District entered into an agreement with the Developer for reimbursement of costs associated with the formation, administration, operations and maintenance of public facilities as defined in the District's Service Plan, and other general fund expenditures plus interest at 2% plus the current Federal Reserve Board Prime Rate, from the date of such advance. At December 31, 2020, outstanding advances under the Promissory Note totaled $174,079 and accrued interest of $676.

6. AGREEMENTS

Improvement Acquisition Agreement

On December 6, 2017, the District entered into an Improvement Acquisition Agreement with the Developer wherein the Developer will design and construct certain improvements on behalf of the District, and the District would acquire such improvements from the Developer or other appropriate entities.

7. NET POSITION

The District's net position includes three components: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets are capital assets net of related debt. The Districts Net investment in capital assets at December 31, 2020 was $5,405,990.

Restricted assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Net position includes:

Restricted:

Emergency reserve (TABOR)	$	2,710
Total restricted net position	$	2,710

Unrestricted net position consists of the net amount of assets, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District utilizes unrestricted net position before using restricted net position. As of December 31, 2020, the District had unrestricted net position of $38,088.

8. RELATED PARTY

The Developer of the property which constitutes the District is Foxhill Development, Inc. The members of the Board of Directors are employees, owners or are otherwise associated with the Developer and its affiliates and may have conflicts of interest dealing with the District

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District became a member of the Colorado Special Districts Property and Liability Pool (Pool) in 2019. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation insurance to its members.

The District pays annual premiums to the Pool for liability 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.

10. ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. It is anticipated that the District will be operationally sufficient in 2021 due to strong development in the real estate market.

11. AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution,* Article X, Section 20, referred to as the Taxpayer's Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On May 2, 2006, a majority of District electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 2006 and any year thereafter, without regard to limitations under TABOR.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTAL INFORMATION

Foxhill Metropolitan District No. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Total Revenue	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital expenses	4,000,000	2,676,440	2,676,440	-
Total Expenditures	4,000,000	2,676,440	2,676,440	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,000,000)	(2,676,440)	(2,676,440)	-
OTHER FINANCING SOURCES (USES)				
Promissory Note - principal	-	(5,194,931)	(5,194,931)	-
Promissory Note - interest	-	(724,569)	(724,569)	-
Developer Advance	4,000,000	2,676,440	2,676,440	-
Transfer from District No. 2	-	5,919,500	5,919,500	-
Total other financing sources (uses)	4,000,000	2,676,440	2,676,440	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

Foxhill Metropolitan District No. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER ACTIVITY ENTERPRISE FUND
For the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Water revenue	$ 102,000	$ 78,595	$ 78,595	$ -
Water system PIFs	600,000	420,000	420,000	-
Total Revenue	702,000	498,595	498,595	-
EXPENDITURES				
Water operations	160,000	85,423	85,423	-
Capital	1,500,000	-	-	-
Debt Service				
Bond - principal	-	447,000	447,000	-
Bond - interest	-	2,146	2,146	-
Contingency	35,000	-	-	-
Total Expenditures	1,695,000	534,569	534,569	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(993,000)	(35,974)	(35,974)	-
OTHER FINANCING SOURCES (USES)				
Developer advance	1,500,000	-	-	-
Bond proceeds		2,575,000	2,575,000	-
Promissory note - principal	-	(2,149,635)	(2,149,635)	-
Promissory note - interest	-	(409,865)	(409,865)	-
Bond issuance costs	-	(75,500)	(75,500)	-
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	1,500,000	(60,000)	(60,000)	-
NET CHANGE IN FUND BALANCE	507,000	(95,974)	(95,974)	-
NET POSITION - BEGINNING OF YEAR	197,794	233,791	233,791	-
NET POSITION - END OF YEAR	$ 704,794	$ 137,817	$ 137,817	$ -

Foxhill Metropolitan District No. 1

RECONCILIATION OF BUDGETARY BASIS (NON-GAAP) TO STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - WATER ENTERPRISE FUND

Year Ended December 31, 2020

Excess Revenue Over (Under) Expenses	$ (95,974)
Reconciling items:	
Expenses and revenues included under budgetary basis but not included in statement revenues, expenses and changes in net position:	
Developer advance	2,559,500
Debt service - principal payment	447,000
Debt issued	(2,575,000)
Change in accrued interest	(334,365)
Bond issuance costs	(75,500)
Change in net position per statement of revenue, expenses and changes in net position	$ (74,339)