

FOXHILL METROPOLITAN DISTRICT NO. 2
(Douglas County, Colorado)

FINANCIAL STATEMENTS

with Independent Auditor's Report

DECEMBER 31, 2020

FOXHILL METROPOLITAN DISTRICT NO. 2


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INDEPENDENT AUDITOR'S REPORT



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To the Board of Directors of
Foxhill Metropolitan District No. 2

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of Foxhill Metropolitan District No. 2, 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. 2, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foxhill Metropolitan District No. 2 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Foxhill Metropolitan District No. 2's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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, including omissions, 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. 2'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. 2's ability to continue as a going concern for a reasonable period of time.

Other Matters

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.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise Foxhill Metropolitan District No. 2's basic financial statements. The Schedule of Revenue, Expenditures and Change in Fund Balance – Budget and Actual – Capital Projects Fund and Schedule of Revenue, Expenses and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis) – Water Enterprise Fund and Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Net Position – Water Enterprise Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenue, Expenditures and Change in Fund Balance – Budget and Actual – Capital Projects Fund and Schedule of Revenue, Expenses and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis) – Water Enterprise Fund and Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Net Position – Water Enterprise Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Revenue, Expenditures and Change in Fund Balance – Budget and Actual – Capital Projects Fund and Schedule of Revenue, Expenses and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis) – Water Enterprise Fund and Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Net Position – Water Enterprise Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company

Littleton, CO
March 22, 2022

BASIC FINANCIAL STATEMENTS

FOXHILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Accounts receivable - County	\$ 152
Property taxes receivable	35,790
Total assets	<u>35,942</u>
LIABILITIES	
Due to other entities	152
Accrued interest payable on bonds	20,712
Non-current liabilities:	
Due in more than one year	<u>6,000,000</u>
Total liabilities	<u>6,020,864</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	<u>35,790</u>
Total deferred inflows of resources	<u>35,790</u>
NET POSITION	
Restricted for:	
Unrestricted	<u>(6,020,712)</u>
Total net position	<u>\$ (6,020,712)</u>

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

FOXHILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 298	\$ -	\$ -	\$ (298)
Interest and expenses on long-term debt	101,212	-	-	(101,212)
	<u>\$ 101,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(101,510)</u>
General revenue:				
Property taxes				19,653
Specific ownership taxes				1,683
Interest				219
Total general revenue				<u>21,555</u>
Transfer to other governmental entities				(5,940,757)
Change in net position				<u>(6,020,712)</u>
Net position - beginning				-
Net position - ending				<u>\$ (6,020,712)</u>

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

FOXHILL METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	Debt Service	Total Governmental Funds
ASSETS			
Accounts receivable - County	\$ 152	\$ -	\$ 152
Property taxes receivable	3,642	32,148	35,790
Total assets	3,794	32,148	35,942
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to other entities	152	-	152
Total liabilities	152	-	152
 DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	3,642	32,148	35,790
Total deferred inflows of resources	3,642	32,148	35,790
 FUND BALANCES			
Restricted for:			
Debt service	-	-	-
Total fund balances	-	-	-
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 3,794	\$ 32,148	

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

Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:

Bond payable	(6,000,000)
Accrued interest on bonds payable	(20,712)
Net position of governmental activities	\$ (6,020,712)

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

FOXHILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property tax	\$ 19,653	\$ -	\$ 19,653
Specific ownership tax	1,683	-	1,683
Interest	219	-	219
Total Revenues	<u>21,555</u>	<u>-</u>	<u>21,555</u>
EXPENDITURES			
General			
County Treasurer Fees	298	-	298
Debt Service			
Cost of issuance	-	80,500	80,500
Total Expenditures	<u>298</u>	<u>80,500</u>	<u>80,798</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>21,257</u>	<u>(80,500)</u>	<u>(59,243)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds - Series 2020A	-	6,000,000	6,000,000
Transfer to District No. 1/Promissory Note	(21,257)	(5,919,500)	(5,940,757)
Total Other Financing Sources (Uses)	<u>(21,257)</u>	<u>80,500</u>	<u>59,243</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

FOXHILL METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

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

Net change in fund balance - Total governmental funds	\$	-
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Issuance of debt		(6,000,000)
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Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:

Net change in accrued interest on bonds payable		(20,712)
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Change in net position of governmental activities	\$	<u>(6,020,712)</u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

FOXHILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2020

	<u>Budgeted Amount Original & Final</u>	<u>YTD Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property tax	\$ 19,653	\$ 19,653	\$ -
Specific ownership tax	1,350	1,683	333
Interest	100	219	119
Total Revenues	<u>21,103</u>	<u>21,555</u>	<u>452</u>
EXPENDITURES			
County treasurer fees	<u>295</u>	<u>298</u>	<u>(3)</u>
Total Expenditures	<u>295</u>	<u>298</u>	<u>(3)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>20,808</u>	<u>21,257</u>	<u>449</u>
OTHER FINANCING SOURCES (USES)			
Transfer to District No. 1	<u>(20,808)</u>	<u>(21,257)</u>	<u>(449)</u>
Total Other Financing Sources (Uses)	<u>(20,808)</u>	<u>(21,257)</u>	<u>(449)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foxhill Metropolitan District No. 2 (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, liabilities and deferred inflows and indirect resources 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *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*.

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 and acquisitions under capital leases 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 fund:

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.

Debt Service Fund – The debt service fund accounts for the financial resources to be used for the retirement of debt.

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.

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

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

Restricted Cash and Investments — The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

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.

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.

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:

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

- 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 Debt Service Fund from \$0 to \$6,000,000.
- 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 had no cash deposits.

4. LONG-TERM LIABILITIES

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

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Limited tax general obligation bonds					
Series 2020A	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000	\$ -
	<u>\$ -</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>

Limited Tax General Obligation Bonds- On December 10, 2020 the District issued Limited Tax General Obligation Bonds-Series 2020A in the amount of \$6,000,000. The bonds were issued to fund the repayment of to the developer for capital water improvements. The bonds are payable semiannually on June 1 and December 1 each year commencing June 1, 2021 with the final payment due December 1, 2044. The bonds are pledged by property taxes and have an interest rate of 6.00% Annual debt service requirements to maturity for governmental activities the 2020A bonds are as follows:

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

	Series 2020A		
	Limited Tax General Obligation Bonds		
	Principal	Interest	Total
2021	\$ -	\$ 33,882	\$ 33,882
2022	-	124,988	124,988
2023	-	221,446	221,446
2024	-	311,964	311,964
2025	-	399,774	399,774
2026-2030	84,000	2,814,362	2,898,362
2031-2035	1,525,000	1,605,960	3,130,960
2036-2040	2,219,000	1,069,980	3,288,980
2041-2044	2,172,000	315,780	2,487,780
	<u>\$ 6,000,000</u>	<u>\$ 6,898,138</u>	<u>\$ 12,898,138</u>

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 \$72,000,000.

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.

Intergovernmental Agreement — On October 15, 2006, the District entered into an Intergovernmental Agreement (the “IGA”) in order to implement the Service Plan. According to the Service Plan, District No. 1 is the coordinating district and is expected to coordinate the financing, construction and maintenance of all public improvements. District No. 2 is the financing district and contains the residential development. The financing district is expected to include development and provide revenue to support the Districts’ activities. The IGA provides that District No. 1 shall be the owner and operator of district owned improvements and may provide for the funding of construction, operation or maintenance of the public improvements through further and future indebtedness. District No. 2 shall impose and collect any property taxes, remit the proceeds of any indebtedness, taxes or otherwise provide for the funding of the construction, operation or maintenance of the public improvements. The IGA stipulates the obligations and limitations of District No. 1 as the “operator” of the public improvements.

The IGA also engages District No. 1 as the “district administrator” for all the Districts. District administration includes preparation of annual budgets, engagement of legal counsel and other consultants and statutory compliance measures.

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. NET POSITION

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.

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 (\$6,020.712). The deficit is due to the effects of the District's bond indebtedness, which remain an obligation of the District. The proceeds were used to reimburse the developer for the construction of capital assets that will be conveyed to other governmental entities.

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. 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.

FOXHILL METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

FOXHILL METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2020

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>YTD Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
<u>Debt Service</u>				
Cost of issuance	-	80,500	80,500	-
Total Expenditures	-	80,500	80,500	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(80,500)	(80,500)	-
OTHER FINANCING SOURCES (USES)				
Bond proceeds - Series 2020A	-	6,000,000	6,000,000	-
Transfer to District No. 1	-	(5,919,500)	(5,919,500)	-
Total Other Financing Sources	-	80,500	80,500	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

FOXHILL METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

\$6,000,000 Series 2020A
Limited Tax General Obligation Bonds
Dated December 10, 2020
Interest Rate of 6.00%
Payable on June 1 and December 1
Principal Due on December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 33,882	\$ 33,882
2022	-	124,988	124,988
2023	-	221,446	221,446
2024	-	311,964	311,964
2025	-	399,774	399,774
2026	-	497,234	497,234
2027	-	588,592	588,592
2028	-	600,362	600,362
2029	-	600,362	600,362
2030	84,000	527,812	611,812
2031	256,000	354,960	610,960
2032	285,000	339,600	624,600
2033	302,000	322,500	624,500
2034	331,000	304,380	635,380
2035	351,000	284,520	635,520
2036	385,000	263,460	648,460
2037	408,000	240,360	648,360
2038	444,000	215,880	659,880
2039	470,000	189,240	659,240
2040	512,000	161,040	673,040
2041	543,000	130,320	673,320
2042	587,000	97,740	684,740
2043	622,000	62,520	684,520
2044	420,000	25,200	445,200
	<u>\$ 6,000,000</u>	<u>\$ 6,898,138</u>	<u>\$ 12,898,138</u>