

FOREST HILLS METROPOLITAN DISTRICT

ANNUAL FINANCIAL REPORT


DECEMBER 31, 2022

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Board of Directors and Management
Forest Hills Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Forest Hills Metropolitan District (the “District”) as of and for the years ended December 31, 2022 and 2021 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, the business-type activities and each major fund of the District, as of December 31, 2022 and 2021, and the respective changes in financial position, and, where applicable cash flows thereof and the respective budgetary comparison for the General Fund for the years 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 the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’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 GAAS, 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 the District'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 the District'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.

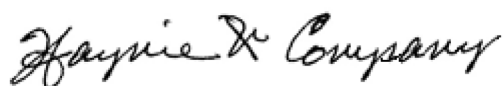
Required Supplementary Information

Management has omitted the management'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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information section, 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 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Littleton, Colorado
September 26, 2023

Forest Hills Metropolitan District
Statement of Net Position
December 31, 2022

	Governmental Activites	Business Type Activites	TOTAL
ASSETS			
Cash and cash equivalents - unrestricted	\$ 276,721	\$ 187,041	\$ 463,762
Cash and cash equivalents - restricted	149,688	-	149,688
Receivable - County Treasurer	2,247	-	2,247
Property taxes receivable	506,691	-	506,691
Accounts receivable - net of allowance for doubtful accounts	-	9,724	9,724
Prepaid expenses	8,314	7,449	15,763
Due from other funds	84,458	-	84,458
Capital assets, net of depreciation	1,215,873	3,060,209	4,276,082
 Total assets	 2,243,992	 3,264,423	 5,508,415
LIABILITIES			
Accounts payable	14,083	81,798	95,881
Due to other funds	-	84,458	84,458
Deposits	1,000	-	1,000
Accrued interest payable	3,319	1,302	4,621
Notes payable:			
Due within one year	107,000	23,325	130,325
Due in more than one year	1,512,000	516,957	2,028,957
 Total liabilities	 1,637,402	 707,840	 2,345,242
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	506,691	-	506,691
 Total deferred inflows of resources	 506,691	 -	 506,691
NET POSITION			
Net investment in capital assets	(403,127)	2,519,927	2,116,800
Restricted for:			
Emergencies	11,850	-	11,850
Conservation trust fund	4,204	-	4,204
Capital projects	140,063	-	140,063
Unrestricted	346,909	36,656	383,565
 Total net position	 99,899	 2,556,583	 2,656,482
 Total liabilities, deferred inflow of resources and net position	 \$ 2,243,992	 \$ 3,264,423	 \$ 5,508,415

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Net Position
December 31, 2021

	Governmental Activites	Business Type Activites	TOTAL
ASSETS			
Cash and cash equivalents - unrestricted	\$ 152,570	\$ 111,342	\$ 263,912
Cash and cash equivalents - restricted	711,067	-	711,067
Receivable - County Treasurer	2,230	-	2,230
Loan Proceeds receivable	-	640,148	640,148
Property taxes receivable	508,266	-	508,266
Accounts receivable - net of allowance for doubtful accounts	-	7,893	7,893
Prepaid expenses	1,515	726	2,241
Due from other funds	85,516	-	85,516
Capital assets, net of depreciation	758,639	2,447,083	3,205,722
	<u>2,219,803</u>	<u>3,207,192</u>	<u>5,426,995</u>
Total assets			
LIABILITIES			
Accounts payable	77,171	21,051	98,222
Due to other funds	-	85,516	85,516
Deposits	1,000	-	1,000
Accrued interest payable	3,534	1,091	4,625
Notes payable:			
Due within one year	105,000	23,537	128,537
Due in more than one year	1,619,000	605,227	2,224,227
	<u>1,805,705</u>	<u>736,422</u>	<u>2,542,127</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	508,266	-	508,266
	<u>508,266</u>	<u>-</u>	<u>508,266</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	(965,361)	2,458,467	1,493,106
Restricted for:			
Emergencies	11,837	-	11,837
Conservation trust fund	12,943	-	12,943
Debt service	2,860	-	2,860
Capital projects	639,914	-	639,914
Unrestricted	203,639	12,303	215,942
	<u>(94,168)</u>	<u>2,470,770</u>	<u>2,376,602</u>
Total net position (deficit)			
Total liabilities, deferred inflow of Resources and net position (deficit)	<u>\$ 2,219,803</u>	<u>\$ 3,207,192</u>	<u>\$ 5,426,995</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, 2022

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 176,716	\$ -	\$ -	(176,716)	\$ -	(176,716)
Conservation trust funds	-	-	2,436	2,436	-	2,436
Depreciation	48,067	-	-	(48,067)	-	(48,067)
Interest and related costs on long-term debt	42,565	-	-	(42,565)	-	(42,565)
	<u>\$ 267,348</u>	<u>\$ -</u>	<u>\$ 2,436</u>	<u>(264,912)</u>	<u>\$ -</u>	<u>(264,912)</u>
Business-Type activities:						
Water and sewer	309,391	421,340	-	-	111,949	111,949
Depreciation	126,136	-	-	-	(126,136)	(126,136)
	<u>435,527</u>	<u>421,340</u>	<u>-</u>	<u>(14,187)</u>	<u>(14,187)</u>	<u>(14,187)</u>
General Revenues:						
Property taxes				507,224	-	507,224
Specific ownership taxes				34,891	-	34,891
Other income				2,957	-	2,957
Investment income				13,482	-	13,482
Transfers in (out)				(100,000)	100,000	-
Total general revenues and transfers				<u>458,554</u>	<u>100,000</u>	<u>558,554</u>
Change in net position				193,642	85,813	279,455
Net position (deficit) - beginning of year				(94,168)	2,470,770	2,376,602
Net position (deficit) - end of year				<u>99,474</u>	<u>2,556,583</u>	<u>2,656,057</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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 163,403	\$ -	\$ -	(163,403)	\$ -	\$ (163,403)
Conservation trust funds	-	-	2,399	2,399	-	2,399
Depreciation	31,107	-	-	(31,107)	-	(31,107)
Interest and related costs on long-term debt	43,715	-	-	(43,715)	-	(43,715)
	<u>\$ 238,225</u>	<u>\$ -</u>	<u>\$ 2,399</u>	<u>\$ (235,826)</u>	<u>\$ -</u>	<u>\$ (235,826)</u>
Business-Type activities:						
Water and sewer	282,091	322,838	-	-	40,747	40,747
Depreciation	112,986	-	-	-	(112,986)	(112,986)
	<u>395,077</u>	<u>322,838</u>	<u>-</u>	<u>-</u>	<u>(72,239)</u>	<u>(72,239)</u>
General Revenues:						
Property taxes				467,457	-	467,457
Specific ownership taxes				35,765	-	35,765
Other income				16,378	-	16,378
Investment income				745	-	745
Transfers in (out)				(25,000)	25,000	-
Total general revenues and transfers				<u>495,345</u>	<u>25,000</u>	<u>520,345</u>
Change in net position				259,519	(47,239)	212,280
Net position - beginning of year				(353,687)	2,518,009	2,164,322
Net position - end of year				<u>\$ (94,168)</u>	<u>\$ 2,470,770</u>	<u>\$ 2,376,602</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, 2022 and 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>2022 Total</u>	<u>2021 Total</u>
ASSETS					
Cash and cash equivalents - unrestricted	\$ 276,721	\$ -	\$ -	\$ 276,721	152,570
Cash and cash equivalents - restricted	4,204	5,121	140,363	149,688	711,067
Receivable - County Treasurer	2,247	-	-	2,247	2,230
Property taxes receivable	356,307	150,384	-	506,691	508,266
Prepaid expenses	8,314	-	-	8,314	1,515
Due from other funds	83,382	1,076	-	84,458	85,516
Total assets	<u>731,175</u>	<u>156,581</u>	<u>140,363</u>	<u>1,028,119</u>	<u>1,461,164</u>
LIABILITIES					
Accounts payable	13,783	-	300	14,083	77,171
Deposits	1,000	-	-	1,000	1,000
Total liabilities	<u>14,783</u>	<u>-</u>	<u>300</u>	<u>15,083</u>	<u>78,171</u>
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	356,307	150,384	-	506,691	506,691
Total deferred inflows of resources	<u>356,307</u>	<u>150,384</u>	<u>-</u>	<u>506,691</u>	<u>506,691</u>
FUND BALANCE					
Nonspendable					
Prepaid expenses	8,314	-	-	8,314	1,515
Restricted for:					
Emergencies	11,850	-	-	11,850	11,837
Conservation trust fund	4,204	-	-	4,204	12,943
Debt service	-	6,197	-	6,197	2,860
Capital projects	-	-	140,063	140,063	639,914
Unrestricted	335,717	-	-	335,717	205,658
Total fund balances	<u>360,085</u>	<u>6,197</u>	<u>140,063</u>	<u>506,345</u>	<u>874,727</u>
Total liabilities, deferred inflow of Resources and fund balances	<u>\$ 731,175</u>	<u>\$ 156,581</u>	<u>\$ 140,363</u>	<u>1,028,119</u>	<u>1,459,589</u>
Total governmental fund balance per above				506,345	\$ 874,727
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.				1,215,873	758,639
Long term liabilities not payable in the current year are excluded as liabilities in the government funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:					
Bonds payable				(1,619,000)	(1,724,000)
Accrued interest payable				(3,319)	(3,534)
Net position (deficit) of governmental activities				<u>\$ 99,899</u>	<u>\$ (94,168)</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
December 31, 2022 and 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>2022 Total</u>	<u>2021 Total</u>
REVENUES					
Property taxes	\$ 355,923	\$ 151,301	\$ -	\$ 507,224	467,457
Specific Ownership taxes	34,891	-	-	34,891	35,765
Conservation trust fund	2,436	-	-	2,436	2,399
Interest income	6,369	1,661	5,452	13,482	745
Other income	2,957	-	-	2,957	16,378
	<u>402,576</u>	<u>152,962</u>	<u>5,452</u>	<u>560,990</u>	<u>522,744</u>
Total General Revenues					
EXPENDITURES					
Administration	24,728	-	-	24,728	29,505
Audit	3,350	-	-	3,350	3,050
Insurance and bonds	4,983	-	-	4,983	5,687
Legal	25,361	-	-	25,361	18,713
Office expenses	2,340	-	-	2,340	8,047
Maintenance	107,785	-	-	107,785	87,280
Capital Outlay	-	-	505,303	505,303	231,161
Treasurer's Fees	5,342	2,271	-	7,613	7,016
Miscellaneous	556	-	-	556	4,105
Debt Service				-	
Bond principal payments	-	105,000	-	105,000	104,000
Bond interest	-	42,354	-	42,354	43,720
	<u>174,445</u>	<u>149,625</u>	<u>505,303</u>	<u>829,373</u>	<u>542,284</u>
Total Expenditures					
Excess (Deficiency) of Revenues over expenditures	<u>228,131</u>	<u>3,337</u>	<u>(499,851)</u>	<u>(268,383)</u>	<u>(19,540)</u>
Other financing sources (uses):					
Interfund transfers in (out)	(100,000)	-	-	(100,000)	(25,000)
	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(25,000)</u>
NET CHANGE IN FUND BALANCES	128,131	3,337	(499,851)	(368,383)	(44,540)
Fund balances:					
Beginning of the year	231,953	2,860	639,914	874,727	919,267
End of the year	<u>\$ 360,084</u>	<u>\$ 6,197</u>	<u>\$ 140,063</u>	<u>\$ 506,344</u>	<u>\$ 874,727</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 December 31, 2022 and 2021

	2022	2021
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - total governmental funds	\$ (368,383)	\$ (44,540)
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:		
Capital Outlay	505,303	231,161
Depreciation	(48,067)	(31,107)
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:		
Taxable Loan principal reduction	105,000	104,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest on long-term obligations	(211)	5
Change in net position of governmental activities	\$ 193,642	\$ 259,519

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Net Position
Water and Sewer Fund
December 31, 2022 and 2021

	Water and Sewer Fund	
	2022	2021
ASSETS		
Cash and cash equivalents - unrestricted	\$ 187,041	\$ 111,342
Accounts receivable - net of allowance for doubtful accounts	9,724	7,893
Prepaid expenses	7,449	726
Loan Proceeds receivable	-	640,148
Capital assets, net of depreciation	3,060,209	2,447,083
Total assets	3,264,423	3,207,192
LIABILITIES		
Accounts payable	81,798	21,051
Due to other funds	84,458	85,516
Accrued interest payable	1,302	1,091
Loan payable:		
Due within one year	23,325	23,537
Due in more than one year	516,957	605,227
Total liabilities	707,840	736,422
NET POSITION		
Net investment in capital assets	2,519,927	2,458,467
Unrestricted	36,656	12,303
Total net position	2,556,583	2,470,770
Total liabilities and net position	\$ 3,264,423	\$ 3,207,192

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Water and Sewer Fund
December 31, 2022 and 2021

	2022	2021
REVENUES		
Service charges - water	\$ 200,154	\$ 155,890
Service charges - sewer	213,016	161,390
Availability of service	960	960
Miscellaneous	7,210	4,598
Total operating revenues	421,340	322,838
OPERATING EXPENSES		
Administration	31,354	35,308
Insurance and bonds	5,028	4,921
Professional Fees	3,459	19,484
Plant Operations	114,570	92,131
Utilities	31,342	29,442
Repairs and maintenance	93,079	65,324
Allocated overhead and other expenses	9,659	16,182
Water rights annual compliance	6,881	11,080
Depreciation	126,136	112,986
Total operating expenses	421,508	386,858
NET OPERATING INCOME (LOSS)	(168)	(64,020)
NON-OPERATING REVENUES (EXPENSES)		
Transfer in and loan from General Fund	100,000	25,000
Interest expense	(14,019)	(8,219)
Total non-operating revenues (expenses)	85,981	16,781
CHANGE IN NET POSITION	85,813	(47,239)
NET POSITION - BEGINNING OF YEAR	2,470,770	2,518,009
NET POSITION - END OF YEAR	\$ 2,556,583	\$ 2,470,770

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Statement of Cash Flows
Water and Sewer Fund
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 419,509	\$ 320,693
Cash payments to suppliers for goods and services	(242,195)	(270,278)
Net cash from operating activities	177,314	50,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(739,262)	(25,605)
Net cash from investing activities	(739,262)	(25,605)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from other funds	35,000	25,000
Net cash from non-capital financing activities	35,000	25,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from General Fund loan	65,000	-
Cash received from DWRF loan proceeds	640,148	-
Payments of principal and reduction on long-term debt	(88,482)	(11,384)
Payments of interest on long-term debt	(14,019)	(8,219)
Net cash from capital and related financing activities	602,647	(19,603)
NET CHANGE IN CASH AND CASH EQUIVALENTS	75,699	30,207
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	111,342	81,135
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 187,041	\$ 111,342
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (168)	\$ (64,020)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	126,136	112,986
Changes in operating assets and liabilities:		
Change in accounts receivable	(1,831)	(2,145)
Change in prepaid expense	(6,723)	5,108
Change in accounts payable	59,900	(1,514)
Total adjustments	177,482	114,435
NET CASH FROM OPERATING ACTIVITIES	\$ 177,314	\$ 50,415

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

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. The 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.

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.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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.

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.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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
December 31, 2022 and 2021

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 2022 and 2021, 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, 2022 and 2021 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.

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.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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.

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

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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 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.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

- *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.

- *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.

Subsequent Events

The District has evaluated subsequent events through September 26, 2023, the date which the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

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.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

3. Cash and Investments (continued)

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

As of December 31, 2022, and 2021, the District's cash deposits had a carrying balance of \$613,350 and \$974,979, respectively. The bank balance at December 31, 2022 and 2021 is \$609,752 and \$988,476, respectively, of which \$192,746 and \$385,947, respectively, was FDIC insured.

	2022	2021
Cash and cash equivalents	\$ 463,762	\$ 263,912
Cash and cash equivalents - restricted	149,688	711,067
Total	\$ 613,350	\$ 974,979

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.

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

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021**

3. Cash and Investments (continued)

- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts

Local government investment pools

As of December 31, 2022, the District had the following investments:

<u>Investment:</u>	<u>Maturity:</u>	<u>Net Asset Value:</u>
COLOTRUST	Weighted average under 60 days	\$417,006

As of December 31, 2021, the District had the following investments:

<u>Investment:</u>	<u>Maturity:</u>	<u>Net Asset Value:</u>
COLOTRUST	Weighted average under 60 days	\$852,529

The District invested in the Colorado Local Government Liquid Asset Trust (Colostrust), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. Colostrust is rated AAAM by Standard & Poor's. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colostrust offers shares in three portfolios, Colostrust Prime, Colostrust Plus+, and Edge. The District funds are invested in Colostrust Plus+. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for Colostrust's portfolios pursuant to the custodian agreement.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

4. Capital Assets (continued)

Depreciation expense charged in 2022 to the governmental and enterprise functions of the District were \$48,067 and \$126,136, respectively.

An analysis of the changes in net capital assets during 2021 follows:

	<u>Balance 12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
Governmental Activities				
Capital assets not being				
Depreciated:				
Erosion System	\$ 61,089	\$ -	\$ -	\$ 61,089
Construction in Progress	-	125,425	-	125,425
Total capital assets not being				
Depreciated	61,089	125,425	-	186,514
Capital assets being depreciated:				
Streets	1,949,285	6,829	-	1,956,114
Landscaping/Fire Mitigation	152,954	-	-	152,954
Recreation	290,886	98,907	-	389,793
Total capital assets being deprec.	2,393,125	105,736	-	2,498,861
Accumulated Depreciation	(1,895,630)	(31,107)	-	(1,926,737)
Net capital assets being deprec.	497,496	74,629	-	572,125
Governmental assets, net	\$ 558,585	\$ 200,054	\$ -	\$ 758,639
		Less: outstanding capital debt used to purchase assets		(1,724,000)
		Net investment in capital assets		\$ (965,361)

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**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021**

	<u>Balance 12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Construction in Progress	\$ 61,218	\$ 13,985	\$ -	\$ 75,203
Total capital assets not being depreciated	<u>61,218</u>	<u>13,985</u>	<u>-</u>	<u>75,203</u>
Capital assets being depreciated:				
Water System	2,589,516	-	-	2,589,516
Sewer System	<u>2,681,882</u>	<u>11,620</u>	<u>-</u>	<u>2,693,502</u>
Total capital assets being depreciated	5,271,398	11,620	-	5,283,018
Accumulated Depreciation	<u>(2,798,152)</u>	<u>(112,986)</u>	<u>-</u>	<u>(2,911,138)</u>
Net capital assets being depreciated	<u>2,473,246</u>	<u>(101,366)</u>	<u>-</u>	<u>2,371,880</u>
Business-Type assets, net	\$ 2,534,464	\$ (87,381)	\$ -	\$ 2,447,083
		Less: outstanding capital debt used to purchase assets		(628,764)
		Plus bond proceeds receivable		640,148
		Net investment in capital assets		<u>\$ 2,458,467</u>

Depreciation expense charged in 2021 to the governmental and enterprise functions of the District were \$31,107 and \$112,986, respectively.

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term debt for the governmental activities of the District for the years ended December 31, 2022 and 2021:

	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
<u>Governmental Activities</u>					
Tax Free Refunding Bond Series 2020A	\$ 1,045,000	\$ -	\$ -	\$ 1,045,000	\$ -
Tax Free Refunding Bond Series 2020B	679,000	-	(105,000)	574,000	107,000
	<u>\$ 1,724,000</u>	<u>\$ -</u>	<u>\$ (105,000)</u>	<u>\$ 1,619,000</u>	<u>\$107,000</u>

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021**

5. Long-Term Liabilities (continued)

<u>Governmental Activities</u>	<u>Balance 12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>	<u>Current Portion</u>
Tax Free Refunding Bond Series 2020A	\$ 1,045,000	\$ -	\$ -	\$ 1,045,000	\$ -
Tax Free Refunding Bond Series 2020B		-	(104,000)	679,000	105,000
	783,000				
	<u>\$ 1,828,000</u>	<u>\$ -</u>	<u>\$ (104,000)</u>	<u>\$ 1,724,000</u>	<u>\$105,000</u>

Tax Free Refunding Bond, Series 2020

On December 11, 2020 the District issued \$1,045,000 of Tax Free Refunding Bonds Series 2020A to current refund all of the Series 2009 Bonds. The Series 2020 bonds carry an interest rate of 2.46% and mature annually commencing in 2021 through 2035 with interest payable on June 1st and December 1st and principal payable on December 1st. The bonds may be prepaid at any time, subject to yield maintenance. In the event of a prepayment, the District shall compensate the Bank for any loss, cost, and expense attributable to the Bank's interest rate exposure associated with the principal prepayment.

Taxable Bond, Series 2020B

On December 11, 2020 the District issued \$783,000 of Taxable Bonds Series 2020B for the purpose of funding additional public improvements in the District and for costs of issuance associated with the Bonds. The Series 2020B bonds carries an interest rate of 2.46% and mature annually commencing in 2021 through 2035 with interest payable on June 1st and December 1st and principal payable on December 1st. The bonds may be prepaid at any time, subject to yield maintenance. In the event of a prepayment, the District shall compensate the Bank for any loss, cost, and expense attributable to the Bank's interest rate exposure associated with the principal prepayment.

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021**

5. Long-Term Liabilities (continued)

Bond requirements to maturity are as follows:

	Principal	Interest	Total
2023	\$ 107,000	\$ 39,827	\$ 146,827
2024	110,000	37,195	147,195
2025	113,000	34,489	147,489
2026	115,000	31,709	146,709
2027	118,000	28,880	146,880
2028-2032	635,000	99,384	734,384
2033-2035	421,000	20,885	441,885
Total	\$ 1,619,000	\$ 292,369	\$1,911,369

The following is an analysis of changes in the District’s long-term debt for the enterprise activities of the District for the years ended December 31, 2022 and 2021:

<u>Business-Type Activities</u>	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
2020 CWR & PDA Loans	\$ 478,764	\$ -	\$ (19,964)	\$ 458,800	\$ 19,964
2021 CWR & PDA Loans	150,000	-	(68,518)	81,482	3,361
	<u>\$ 628,764</u>	<u>\$ -</u>	<u>\$ (88,482)</u>	<u>\$ 540,282</u>	<u>\$ 23,325</u>

<u>Business-Type Activities</u>	<u>Balance 12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>	<u>Current Portion</u>
2020 CWR & PDA Loans	\$ 490,148	-	\$ (11,384)	\$ 478,764	\$ 19,964
2021 CWR & PDA Loans		150,000	-	150,000	3,573
	<u>\$ 490,148</u>	<u>\$ 150,000</u>	<u>\$ (11,384)</u>	<u>\$ 628,764</u>	<u>\$ 23,537</u>

Drinking Water Revolving Fund Direct Loan

On September 30, 2020 the District entered into a loan agreement (the “Agreement”) with the Colorado Water Resource and Power Development Authority (“CWR & PDA”) for a principal amount of \$490,148. The loan accrues interest at 2.5% and is payable in semi-annual principal and interest payments beginning on May 1, 2021. The loan is secured by the net revenues of the District, as defined within the Agreement.

**Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021**

5. Long-Term Liabilities (continued)

Loan requirements to maturity are as follows:

	Principal		Interest		Total
2023	\$ 20,466		\$ 11,343		\$ 31,809
2024	20,981		10,828		31,809
2025	21,509		10,300		31,809
2026	22,050		9,759		31,809
2027	22,604		9,205		31,809
2028-2032	121,843		37,202		159,045
2033-2037	137,960		21,085		159,045
2038-2040	91,387		35,849		127,236
Total	\$ 458,800		\$ 145,571		\$ 604,371

Supplemental Drinking Water Revolving Fund Direct Loan

On May 27, 2021 the District entered into a supplemental loan agreement (the “Agreement”) with the Colorado Water Resource and Power Development Authority (“CWR & PDA”) for a principal amount of \$150,000. The loan accrues interest at 2.5% and is payable in semi-annual principal and interest payments beginning on May 1, 2022. The loan is secured by the net revenues of the District, as defined within the Agreement.

Loan requirements to maturity are as follows:

	Principal		Interest		Total
2023	\$ 3,361		\$ 1,941		\$ 5,302
2024	3,564		1,738		5,302
2025	3,645		1,657		5,302
2026	3,727		1,575		5,302
2027	3,811		1,490		5,301
2028-2032	20,392		6,118		26,510
2033-2037	22,806		3,704		26,510
2038-2041	20,176		1,035		21,211
Total	\$ 81,482		\$ 19,258		\$ 100,740

As of December 31, 2022, the District had no voted debt. The District has not budgeted to issue any additional debt in 2023.

Forest Hills Metropolitan District
Notes to Financial Statements
December 31, 2022 and 2021

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, excluding unspent bond proceeds. As of December 31, 2022 and 2021, the District had a net investment in capital assets in the amount of \$2,116,800 and \$1,493,106, respectively.

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, 2022 and 2021 as follows:

	2022	2021
Emergencies (See Note 8)	\$ 11,850	\$ 11,837
Conservation Trust Fund	4,204	12,943
Debt Service (see Note 5)	-	2,860
Total	\$ 16,054	27,640

The District's unrestricted net position as of December 31, 2022 totaled \$383,565. The District's unrestricted net position as of December 31, 2021 totaled \$215,942.

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
December 31, 2022 and 2021

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.

Supplementary Information

Forest Hills Metropolitan District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- General Fund
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES				
Property taxes	\$ 356,654	\$ 356,654	\$ 355,923	\$ (731)
Specific Ownership taxes			34,891	34,891
Conservation trust fund	1,940	1,940	2,436	496
Interest income			6,369	6,369
Loan payment - Water/Sewer Fund	13,325	13,325		(13,325)
Other income	150	150	2,957	2,807
	<u>372,069</u>	<u>372,069</u>	<u>402,576</u>	<u>30,507</u>
Total General Revenues				
EXPENDITURES				
Administration	25,200	25,200	24,728	472
Audit	3,150	3,150	3,350	(200)
Insurance and bonds	5,000	5,000	4,983	17
Legal and professional fees	26,000	26,000	25,361	639
Office expenses	2,893	2,893	2,340	553
Maintenance	157,400	157,400	107,785	49,615
Capital Outlay	-	-	-	-
Treasurer's Fees	5,350	5,350	5,342	8
Loan to Water/Sewer Fund	65,000	65,000	65,000	-
Grant expense - Water/Sewer Fund	35,000	35,000	35,000	-
Miscellaneous	1,125	1,125	556	569
	<u>326,118</u>	<u>326,118</u>	<u>274,445</u>	<u>51,673</u>
Total Expenditures				
Excess (Deficiency) of Revenues over expenditures	<u>45,951</u>	<u>45,951</u>	<u>128,131</u>	<u>82,180</u>
FUND BALANCE - BEGINNING OF YEAR	208,683	208,683	231,953	23,270
FUND BALANCE - END OF YEAR	<u>\$ 254,634</u>	<u>\$ 254,634</u>	<u>\$ 360,084</u>	<u>\$ 105,450</u>

The accompanying notes are an integral part of these financial statements

Forest Hills Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- Debt Service Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 151,612	\$ 151,301	\$ (311)
Interest income	50	1,661	1,611
Total Revenues	<u>151,662</u>	<u>152,962</u>	<u>1,300</u>
EXPENDITURES			
Treasurer's Fees	2,400	2,271	129
Bond principal payments	105,000	105,000	-
Bond interest	<u>42,410</u>	<u>42,354</u>	<u>56</u>
Total Expenditures	<u>149,810</u>	<u>149,625</u>	<u>185</u>
Excess (Deficiency)	<u>1,852</u>	<u>3,337</u>	<u>1,485</u>
FUND BALANCE - BEGINNING OF YEAR	2,862	2,860	(2)
FUND BALANCE - END OF YEAR	<u>\$ 4,714</u>	<u>\$ 6,197</u>	<u>\$ 1,483</u>

Forest Hills Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- Capital Projects Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 300	\$ 5,452	\$ 5,152
Total Revenues	<u>300</u>	<u>5,452</u>	<u>5,152</u>
EXPENDITURES			
Capital outlay	<u>700,000</u>	<u>505,303</u>	<u>194,697</u>
Total Expenditures	<u>700,000</u>	<u>505,303</u>	<u>194,697</u>
Excess (Deficiency)	<u>(699,700)</u>	<u>(499,851)</u>	<u>199,849</u>
FUND BALANCE - BEGINNING OF YEAR	705,383	639,914	(65,469)
FUND BALANCE - END OF YEAR	<u>\$ 5,683</u>	<u>\$ 140,063</u>	<u>\$ 134,380</u>

Forest Hills Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- Water and Sewer Fund
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		<u>Favorable (Unfavorable)</u>
REVENUES				
Water service fees	\$ 165,168	\$ 165,168	\$ 161,685	\$ (3,483)
Sewer service fees	217,560	217,560	213,016	(4,544)
Water use fees	46,176	46,176	38,469	(7,707)
Availability of service	720	720	960	240
Grant income	35,000	35,000	35,000	-
Loan (1% interest) - 5 years - General Fund	65,000	65,000	65,000	-
Miscellaneous income	500	500	7,210	6,710
	<u>530,124</u>	<u>530,124</u>	<u>521,340</u>	<u>(8,784)</u>
Total Revenues				
EXPENDITURES				
Administration	32,200	32,200	31,354	846.00
Insurance and bonds	5,000	5,000	5,028	(28)
Professional Fees	14,000	14,000	3,459	10,541
Plant Operations	99,170	99,170	114,570	(15,400)
Utilities	28,000	28,000	31,342	(3,342)
Repairs and maintenance	125,295	125,295	93,079	32,216
Capital outlay	141,620	717,968	739,262	(21,294)
Allocated overhead and other expenses	9,599	9,599	9,659	(60)
Interest expense	50,670	50,670	14,019	36,651
Water rights annual compliance	8,500	8,500	6,881	1,619
	<u>514,054</u>	<u>1,090,402</u>	<u>1,048,653</u>	<u>41,749</u>
Total Expenditures				
Excess (Deficiency) non-GAAP basis	<u>16,070</u>	<u>(560,278)</u>	<u>(527,313)</u>	<u>(50,533)</u>
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):				
Water Loan proceeds				
Depreciation expense			(126,136)	
Capital asset additions			<u>739,262</u>	
Changes in net position per Statement of Revenues and Expenses and Changes in Net Position			<u>\$ 85,813</u>	

Forest Hills Metropolitan District
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022

<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>	
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%
2020	9,267,027	56.285	522,101	525,464	100.64%
2021	9,291,512	50.310	467,455	467,457	100.00%
2022	10,456,000	48.610	508,266	507,224	99.79%

Estimate for the year ended December 31:

2023	10,161,049	49.866	506,691		
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NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.