

**FOOTHILLS METROPOLITAN DISTRICT  
Larimer County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**FOOTHILLS METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2023**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>6</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>23</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>24</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>26</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>27</b>



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Foothills Metropolitan District  
Larimer County, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Foothills Metropolitan District (the District) as of and for the year ended December 31, 2023, 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 the District as of December 31, 2023, and the respective changes in financial position thereof, 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 (GAAS). 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

I

**Fiscal Focus Partners, LLC**

## **Auditor's Responsibility 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 GAAS 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

## **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Arvada, Colorado  
February 5, 2025

## **BASIC FINANCIAL STATEMENTS**

**FOOTHILLS METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 70,187
Cash and Investments - Restricted	8,612,625
Accounts Receivable	191,237
Receivable from County Treasurer	10,146
Property Taxes Receivable	584,358
Capital Assets Not Being Depreciated:	
Construction in Progress	477,742
Capital Assets, Net	<u>35,250,416</u>
Total Assets	<u>45,196,711</u>
<b>LIABILITIES</b>	
Accounts Payable	170,195
Accrued Interest Payable	324,341
Noncurrent Liabilities:	
Due Within One Year	1,915,000
Due in More Than One Year	<u>65,696,196</u>
Total Liabilities	<u>68,105,732</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	<u>584,358</u>
Total Deferred Inflows of Resources	<u>584,358</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(17,245,542)
Restricted for:	
Emergency Reserves	16,700
Debt Service	1,119,614
Unrestricted	<u>(7,384,151)</u>
Total Net Position	<u><u>\$ (23,493,379)</u></u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Charges for Services	Operating Grants and Contributions	-	Governmental Activities	
Primary Government:					
Governmental Activities:					
General Government	\$ 4,645,300	\$ 22,092	-		\$ (4,623,208)
Interest and Related Costs on Long-Term Debt	<u>4,145,657</u>	-	-		<u>(4,145,657)</u>
Total Governmental Activities	<u>\$ 8,790,957</u>	<u>\$ 22,092</u>	<u>-</u>		<u>(8,768,865)</u>
<b>GENERAL REVENUES</b>					
Property Taxes					758,891
Specific Ownership					156,452
Public Improvement Fees					1,078,036
Property Tax Increment					3,318,559
Sales Tax Increment					807,961
Net Investment Income					467,009
Total General Revenues					<u>6,586,908</u>
<b>CHANGE IN NET POSITION</b>					<u>(2,181,957)</u>
Net Position - Beginning of Year, as Restated					<u>(21,311,422)</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (23,493,379)</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 70,187	\$ -	\$ -	\$ 70,187
Cash and Investments - Restricted	16,700	8,595,925	-	8,612,625
Accounts Receivable - PIF	-	169,903	-	169,903
Accounts Receivable - TIF	2,012	19,322	-	21,334
Receivable from County Treasurer	2,341	7,805	-	10,146
Property Taxes Receivable	134,852	449,506	-	584,358
Due From Other Funds	72,275	-	-	72,275
	<u>\$ 298,367</u>	<u>\$ 9,242,461</u>	<u>\$ -</u>	<u>\$ 9,540,828</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 164,283	\$ -	\$ 5,912	\$ 170,195
Fort Collins URA Payable	6,000	54,000	-	60,000
Due to Other Funds	-	-	72,275	72,275
Total Liabilities	<u>170,283</u>	<u>54,000</u>	<u>78,187</u>	<u>302,470</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	134,852	449,506	-	584,358
Total Deferred Inflows of Resources	<u>134,852</u>	<u>449,506</u>	<u>-</u>	<u>584,358</u>
<b>FUND BALANCES</b>				
Restricted for:				
Emergency Reserve	16,700	-	-	16,700
Debt Service	-	8,738,955	-	8,738,955
Assigned to:				
Subsequent Year's Expenditures	1,021	-	-	1,021
Unassigned	(24,489)	-	(78,187)	(102,676)
Total Fund Balances	<u>(6,768)</u>	<u>8,738,955</u>	<u>(78,187)</u>	<u>8,654,000</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 298,367</u>	<u>\$ 9,242,461</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital Assets, Not Being Depreciated				477,742
Capital Assets, Net				35,250,416
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(65,800,000)
TIF Retention Fee Payable				(480,000)
Developer Advance Payable				(809,776)
Developer Advance Interest Payable				(461,420)
Accrued Interest on Bonds Payable				(324,341)
Net Position of Governmental Activities				<u>\$ (23,493,379)</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 175,126	\$ 583,765	\$ -	\$ 758,891
Specific Ownership Taxes	36,104	120,348	-	156,452
Public Improvement Fees	-	1,078,036	-	1,078,036
FCURA District Property Taxes (TIF)	325,173	1,085,070	-	1,410,243
FCURA - Property Tax Increment	-	1,908,316	-	1,908,316
Sales Tax Increment	-	807,961	-	807,961
Other Income	16,515	5,577	-	22,092
Net Investment Income	2,509	464,341	159	467,009
Total Revenues	<u>555,427</u>	<u>6,053,414</u>	<u>159</u>	<u>6,609,000</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	43,165	-	-	43,165
Auditing	7,050	-	-	7,050
Collection Fees - URA	4,878	-	-	4,878
County Treasurer's Fees	3,503	11,678	-	15,181
Directors' Fees	2,000	-	-	2,000
District Management	21,660	-	-	21,660
Dues and Membership	755	-	-	755
Election Expense	2,019	-	-	2,019
Insurance	20,560	-	-	20,560
Legal	40,884	-	-	40,884
Management Fee	37,920	-	-	37,920
Miscellaneous	153	-	-	153
PIF Collection	24,897	-	-	24,897
Landscape Maintenance	101,204	-	-	101,204
Landscape Replacement	36,806	-	-	36,806
Holiday Tree Lights	22,500	-	-	22,500
Janitorial	54,051	-	-	54,051
Parking Garage R&M	49,756	-	-	49,756
Fountain Maintenance	18,360	-	-	18,360
Repairs and Maintenance	44,627	-	-	44,627
Snow Removal	67,530	-	-	67,530
Security	114,818	-	-	114,818
TIF Fee Retention	6,000	54,000	-	60,000
Utilities	27,697	-	-	27,697
Debt Service:				
Bond Principal	-	1,690,000	-	1,690,000
Bond Interest	-	3,980,812	-	3,980,812
Paying Agent / Trustee Fees	-	3,500	-	3,500
Collection Fees - URA	-	44,901	-	44,901
Capital Outlay:				
Engineering	-	-	2,000	2,000
Capital Outlay	-	-	91,125	91,125
Total Expenditures	<u>752,793</u>	<u>5,784,891</u>	<u>93,125</u>	<u>6,630,809</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(197,366)	268,523	(92,966)	(21,809)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	-	-	179,375	179,375
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>179,375</u>	<u>179,375</u>
<b>NET CHANGE IN FUND BALANCES</b>	(197,366)	268,523	86,409	157,566
Fund Balances - Beginning of Year, as Restated	190,598	8,470,432	(164,596)	8,496,434
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (6,768)</u>	<u>\$ 8,738,955</u>	<u>\$ (78,187)</u>	<u>\$ 8,654,000</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 157,566
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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/amortization expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, in the current period.</p>	
Depreciation Expense	(3,892,507)
Construction in Progress	93,125
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Developer Advance	(179,375)
Bond Principal payment	1,690,000
<p>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.</p>	
Interest on Developer Advance	(58,159)
Accrued Interest on Bonds - Change in Liability	7,393
Change in Net Position of Governmental Activities	<u>\$ (2,181,957)</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 175,345	\$ 175,126	\$ 175,126	\$ -
Specific Ownership Taxes	35,083	36,104	36,104	-
Net Investment Income	1,000	2,509	2,509	-
FCRUA - District Property Taxes (TIF)	325,844	325,173	325,173	-
Other Income	36,000	16,515	16,515	-
Total Revenues	<u>573,272</u>	<u>555,427</u>	<u>555,427</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	34,500	45,000	43,165	1,835
Audit	7,000	7,050	7,050	-
Collection Fee - URA	-	4,895	4,878	17
County Treasurer's Fees	3,507	3,507	3,503	4
Directors' Fees	3,000	2,200	2,000	200
District Management	24,300	21,000	21,660	(660)
Dues and Membership	1,000	755	755	-
Election Expense	2,500	2,019	2,019	-
Insurance	25,000	20,560	20,560	-
Legal	51,000	43,000	40,884	2,116
Management Fee	47,250	49,400	37,920	11,480
Miscellaneous	1,500	200	153	47
Payroll Tax Expense	-	138	-	138
PIF Collection	17,000	26,500	24,897	1,603
Landscape Maintenance	68,000	105,000	101,204	3,796
Landscape Replacement	71,000	45,000	36,806	8,194
Detention Pond Maintenance	7,000	7,000	-	7,000
Holiday Tree Lights	15,000	25,000	22,500	2,500
Janitorial	52,000	56,000	54,051	1,949
Parking Garage R&M	59,500	51,000	49,756	1,244
Fountain Maintenance	20,000	20,000	18,360	1,640
Repairs & Maintenance	-	50,000	44,627	5,373
Snow Removal	45,000	85,000	67,530	17,470
Security	95,000	118,000	114,818	3,182
TIF Fee Retention	-	6,000	6,000	-
Utilities	40,000	30,000	27,697	2,303
Contingency	2,943	776	-	776
Total Expenditures	<u>693,000</u>	<u>825,000</u>	<u>752,793</u>	<u>72,207</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(119,728)	(269,573)	(197,366)	72,207
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	60,000	275,000	-	(275,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>275,000</u>	<u>-</u>	<u>(275,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(59,728)	5,427	(197,366)	(202,793)
Fund Balance - Beginning of Year	<u>78,054</u>	<u>23,325</u>	<u>190,598</u>	<u>167,273</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 18,326</u>	<u>\$ 28,752</u>	<u>\$ (6,768)</u>	<u>\$ (35,520)</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Foothills Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court of Larimer County on January 10, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under an Amended and Restated Service Plan approved by the City of Fort Collins on May 7, 2013. The District's service area is located entirely within the City of Fort Collins, Larimer County, Colorado. The District was established for the purpose of financing and providing public improvements and related operations and maintenance services within and outside of the boundaries of the District. The public improvements include streets, safety protection, park and recreation facilities, water, sanitation, storm sewer, transportation, fire protection, television relay and translation, security services, and mosquito control.

The District's service plan limits the mill levy for operations and maintenance to 15.000 mills. The maximum debt mill levy allowed by the service plan is 50.000 mills as adjusted for changes in the method of calculating assessed value. The Maximum Debt Mill Levy at December 31, 2023, is 51.851 mills.

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, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct and indirect 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.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**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.

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, specific ownership taxes, and public improvement fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 and other financing uses 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 on its basis of accounting unless otherwise indicated.

The District amended its budget for the year ended December 31, 2023.

**Pooled Cash and Investments**

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

**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 County Treasurer collects the determined taxes during the ensuing calendar 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 inflow 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.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

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

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*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 practice to use the most restrictive classification first.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Balances**

The District reports interfund balances that are representative of borrowing arrangements between funds in the fund financial statements as due to/from other funds and is due to a shortfall in the Capital Projects Fund. The interfund balances have been eliminated in the government-wide statements. At December 31, 2023, the District reported an interfund balance of \$72,275 as the General Fund paid for Capital Projects Fund expenses. The Interfund Balance will be eliminated with the receipt of funds advanced by the developer in 2025.

**Deficits**

The General Fund and Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2023. The Deficit will be eliminated with the receipt of funds advanced by the developer in 2024.

**State Audit Law**

Colorado Revised Statutes require that local governments submit audited financial statement for the calendar year-end by July 31, or September 30 if granted an extension, of the following year. The District was not in compliance with the statutory requirement.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 net investment in capital assets.

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

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings	20 Years
Sidewalks/Hardscapes	10 Years
Furniture/Fixtures/Amenities	5 Years
Landscape/Irrigation	5 Years

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 70,187
Cash and Investments - Restricted	8,612,625
Total Cash and Investments	<u>\$ 8,682,812</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 78,731
Investments	8,604,081
Total Cash and Investments	<u>\$ 8,682,812</u>

**Deposits with Financial Institutions**

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 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, 2023, the District's cash deposits had a bank and carrying balance of \$78,731.

**Investments**

The District has adopted a formal investment policy which 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 or investment custodial risk disclosure requirements 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.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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 securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 8,604,081

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE (Continued)**

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance - December 31, 2022	Increases	Decreases	Balance - December 31, 2023
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 384,617	\$ 93,125	\$ -	\$ 477,742
Total Capital Assets, Not Being Depreciated	384,617	93,125	-	477,742
Capital Assets, Being Depreciated:				
Furniture, Fixtures, Amenities	2,737,095	-	-	2,737,095
Buildings/Parking Structure/Streets	28,834,336	-	-	28,834,336
Landscape/Irrigation	2,418,113	-	-	2,418,113
Utilities	9,308,652	-	-	9,308,652
Sidewalks/Pedestrian Crossing	4,737,909	-	-	4,737,909
Total Historical Cost	48,036,105	-	-	48,036,105
Less Accumulated Depreciation/Amortization for:				
Furniture, Fixtures, Amenities	(2,189,676)	(547,419)	-	(2,737,095)
Buildings/Parking Structure/Streets	(2,260,675)	(1,456,809)	-	(3,717,484)
Landscape/Irrigation	(1,934,492)	(483,623)	-	(2,418,115)
Utilities	(1,396,298)	(930,865)	-	(2,327,163)
Sidewalks/Pedestrian Crossing	(1,112,041)	(473,791)	-	(1,585,832)
Total Accumulated Depreciation/Amortization	(8,893,182)	(3,892,507)	-	(12,785,689)
Total Capital Assets Being Depreciated	39,142,923	(3,892,507)	-	35,250,416
Total Capital Assets, Net	\$ 39,527,540	\$ (3,799,382)	\$ -	\$ 35,728,158

Depreciation was expensed to general governmental activities.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023	Due Within One Year
<b>Bonds Payable:</b>					
Special Revenue Bonds	\$ 67,490,000	\$ -	\$ 1,690,000	\$ 65,800,000	\$ 1,915,000
Subtotal of Bonds Payable	67,490,000	-	1,690,000	65,800,000	1,915,000
<b>Other Debts:</b>					
TIF Fee Retention	-	540,000	-	540,000	-
Developer Advances - Capital	630,401	179,375	-	809,776	-
<b>Accrued Interest on:</b>					
Developer Advance - Capital	403,261	58,159	-	461,420	-
Subtotal of Other Debts	1,033,662	777,534	-	1,811,196	-
<b>Total Long-Term Obligations</b>	<b>\$ 68,523,662</b>	<b>\$ 777,534</b>	<b>\$ 1,690,000</b>	<b>\$ 67,611,196</b>	<b>\$ 1,915,000</b>

The details of the District's long-term obligations are as follows:

**Special Revenue Bonds, Series 2014 (the Bonds)**

**Bond Details**

On October 9, 2014, the District issued \$72,950,000 in Special Revenue Bonds for street, park and recreation, water and sanitation improvements. Bond proceeds were also transferred by the bond resolution from the Capital Projects Fund to the Debt Service Fund to pay the bond interest for the subsequent construction period and to establish a reserve account. The interest rate ranges from 5.25 to 6.00%. Interest is payable semiannually on June 1 and December 1 and principal is payable annually on December 1. The bonds mature on December 1, 2038, and are term bonds subject to redemption, prior to maturity, at the option of the District, as a whole or in multiples of \$1,000, on December 1, 2024, upon payment of par and accrued interest, without redemption premium. The Bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption. The Series 2014 Bonds were issued for the purpose of financing public improvements.

The bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Required Mill Levy, 3) Property Tax Increment revenues, 4) Add-On PIF revenues, 5) Sales Tax Increment revenues, and 6) any other legally available monies which the District determines to be treated as Pledged Revenue.

**Unused Lines of Credit**

The Series 2014 Bonds do not have any unused lines of credit.

**Collateral**

No assets have been pledged as collateral on the Series 2014 Bonds.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Events of Default

Events of default occur if the District fails to impose the Senior Required Mill Levy, or Subordinate Required Mill Levy, or to apply the Senior Pledged Revenues or Subordinate Pledged Revenues as required by the Senior and Subordinate Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Acceleration

The Series 2014 Bonds are not subject to acceleration.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,915,000	\$ 3,892,088	\$ 5,807,088
2025	2,110,000	3,791,550	5,901,550
2026	2,365,000	3,670,225	6,035,225
2027	2,600,000	3,534,237	6,134,237
2028	2,895,000	3,384,738	6,279,738
2029-2033	19,170,000	14,055,750	33,225,750
2034-2038	34,745,000	7,176,600	41,921,600
Total	<u>\$ 65,800,000</u>	<u>\$ 39,505,188</u>	<u>\$ 105,305,188</u>

Authorized Debt

On November 6, 2012, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$1,525,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount Authorized on November 6, 2012</u>	<u>Authorization Used 2014 Bonds</u>	<u>Authorized but Unissued at December 31, 2023</u>
Streets	\$ 100,000,000	\$ 43,266,153	\$ 56,733,847
Park and Recreation	100,000,000	13,855,440	86,144,560
Water	100,000,000	3,445,947	96,554,053
Sanitation	100,000,000	12,382,460	87,617,540
Transportation	100,000,000	-	100,000,000
Mosquito Control	25,000,000	-	25,000,000
Traffic/Safety Controls	100,000,000	-	100,000,000
Fire Protection	100,000,000	-	100,000,000
TV Relay	100,000,000	-	100,000,000
Security	100,000,000	-	100,000,000
Refundings	600,000,000	-	600,000,000
Total	<u>\$ 1,525,000,000</u>	<u>\$ 72,950,000</u>	<u>\$ 1,452,050,000</u>

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt (Continued)**

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$180,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**Developer Advances**

On February 21, 2022, as amended, the District entered into an Improvement Acquisition, Advance, and Reimbursement Agreement with MXD Fort Collins, LLC (Developer), for the purpose of funding certain capital expenditures. As of December 31, 2023, outstanding advances under the agreement totaled \$809,776 and accrued interest totaled \$461,420 (see Note 8).

**TIF Fee Retention**

On January 17, 2014, the District entered into an agreement with the Fort Collins Urban Renewal Authority (Authority). This agreement allows for the Authority to retain \$60,000 of the TIF revenues owed to the District. The Authority has been remitting the full amount of TIF revenues since 2015, so therefore will need to retain additional funds to recover the previously remitted funds that should have been withheld each year since 2015 – the first year of substantial Pledged Property Tax Increment Revenue. The total amount retained by the Authority is \$540,000 (\$60,000 for each year since 2015). As of December 31, 2023, the repayment plan with the Authority is still in a negotiation phase and repayment terms have not been finalized.

**NOTE 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, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had the following net investment in capital assets, calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 35,728,158
Unspent Bond Proceeds	7,680,844
Current Portion of Long-Term Obligations	(1,743,790)
Noncurrent Portion of Long-Term Obligations	(58,910,754)
Net Investment in Capital Assets	<u>\$ (17,245,542)</u>

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 NET POSITION (CONTINUED)**

Restricted assets include net position that are 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, 2023, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 16,700
Debt Service	1,119,614
Total Restricted Net Position	<u>\$ 1,136,314</u>

The District has a deficit in unrestricted net position. This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements where the majority of the capital assets are either being depreciated or have already been conveyed.

**NOTE 7 RELATED PARTY**

The Developer of the property which constitutes the District is MXD Fort Collins, LLC. 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 in dealing with the District.

During 2023, the District made payments to MXD Fort Collins in the amount of \$3,993.

**NOTE 8 AGREEMENTS**

**Tri-Party Agreement**

On September 2, 2014, the District entered into a tri-party agreement with the City of Fort Collins (City) and H&M Hennes & Mauritz LP (H&M). H&M is bound by the PIF declaration, as defined in the lease, which requires H&M to collect from purchasers or recipients of goods or services a public improvement fee (PIF) in an amount not to exceed one percent of the sales of such goods or services and remit such amounts to the designated collection agent. H&M requires that the District obtain the amount of H&M's sales from the City for purposes of verifying H&M's compliance with the PIF obligation.

**Redevelopment and Reimbursement Agreement**

On January 17, 2014, the District entered into a redevelopment and reimbursement agreement, as amended on May 12, 2014, August 18, 2014, December 31, 2015, March 28, 2016, and April 3, 2017, with Fort Collins Urban Renewal Authority (Authority), Walton Foothills Holdings VI, LLC (Developer), and the City of Fort Collins (City) wherein the Developer or District has the right to construct improvements known as the Foothills Mall (property) and desires to redevelop the property. The Developer and/or the District shall: 1) construct the project, without limitation, all eligible improvements, 2) be responsible for the compliance in all respects with the Development Approvals, and 3) be responsible for payment of fees related to redevelopment of the property and construction of the project.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Redevelopment and Reimbursement Agreement (Continued)**

The eligible improvements shall be financed from the net proceeds of the District Bonds. The remainder of the project shall be financed by the Developer. The project was completed in December 2017. In 2021, this agreement was assigned to the new Developer entity, MXD Fort Collins, LLC.

**Funding and Reimbursement Agreement**

On February 21, 2022, as amended, the District entered into a Funding and Reimbursement Agreement with MXD Fort Collins, LLC (Developer). Under the terms of the agreement, the Developer agrees to advance to the District amounts not to exceed \$560,000 for costs related to operations and maintenance through December 31, 2024. Upon request of the Developer, the District agreed to issue a Promissory Note to evidence the repayment obligation of existing advances.

Under the terms of the agreement, on February 21, 2022, the District executed a Revenue and Limited Tax Obligation Subordinate Promissory Note (Note) of up to \$560,000 registered to the Developer. The note bears an interest rate of 2% plus the current Federal Reserve Board Prime Rate or 6%, whichever is greater, not to exceed 8% per annum, simple interest and matures on February 20, 2062. Failure by the District to repay the Developer as a result of insufficient funds shall not constitute a default. Failure of the District to make a payment of principal or interest due on the Note shall not cause or permit acceleration thereof; rather, the Note shall continue to bear interest at the rate and manner specified. No draws have been made as of December 31, 2023.

**Improvement Acquisition, Advance and Reimbursement Agreement**

On February 21, 2022, as amended, the District entered into an Improvement Acquisition, Advance and Reimbursement Agreement with MXD Fort Collins, LLC (Developer). Under the terms of the agreement the District agrees to reimburse the Developer for certain Certified District Eligible Costs of improvements constructed by the Developer and advances made to or on behalf of the District for costs related to the construction of public improvements subject to limitations set forth in the Service Plan not to exceed \$2,300,000 through December 31, 2024. Upon request of the Developer, the District agrees to issue a Promissory Note to evidence the repayment obligation of existing advances.

Under the terms of the agreement, on February 21, 2022, the District executed a Revenue and Limited Tax Obligation Subordinate Promissory Note (Note) of up to \$2,300,000 registered to the Developer. The note bears an interest rate of 2% plus the current Federal Reserve Board Prime Rate or 6%, whichever is greater, not to exceed 8% per annum, simple interest and matures on February 20, 2062. Failure by the District to repay the Developer as a result of insufficient funds shall not constitute a default. Failure by the District to make a payment of principal or interest due on the Note shall not cause or permit acceleration thereof; rather, the Note shall continue to bear interest at the rate and manner specified. During 2023 \$179,375 was drawn under this agreement. The total amount owed under this agreement is \$809,776 and accrued interest of \$461,420 as of December 31, 2023.

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 9 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 (the 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 the past fiscal year.

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.

**NOTE 10 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.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 6, 2012, District voters passed an election question to increase property taxes \$20,000,000 annually to pay the District's operational and maintenance costs, without regard to any limitations under TABOR.

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

**FOOTHILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 11 PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to adjust the interfund transfers in the General and Capital Projects funds. This adjustment increased fund balance in the General Fund by \$167,275 and decreased fund balance in the Capital Projects fund by \$167,275. This prior period adjustment had no impact to the net position as of December 31, 2022.

**NOTE 12 RESTATEMENT**

A restatement was made to include TIF fee retention from 2015 to 2022 that was not accrued. The Fort Collins URA did not start to withhold funds until May 2024 for previous years. A liability to the Fort Collins URA was not accrued and a prior period adjustment was made to include TIF fee retention that was not accrued in prior years. A restatement was also made to adjust developer advance interest from compounding to simple interest calculation as required by the Improvement Acquisition, Advance and Reimbursement agreement. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

	<u>Total Government Activities</u>
Beginning Net Position	\$ (20,966,685)
Balance, as Previously Reported Adjustment	
Adjustment for TIF Fee Retention and	(480,000)
Adjustment for Accrued Developer Interest	<u>135,263</u>
Beginning Net Position, as Restated	<u><u>\$ (21,311,422)</u></u>

## **SUPPLEMENTARY INFORMATION**

**FOOTHILLS METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 584,495	\$ 583,765	\$ 583,765	\$ -
Specific Ownership Taxes	116,947	120,348	120,348	-
Net Investment Income	154,371	464,341	464,341	-
Public Improvement Fees	975,000	1,057,072	1,078,036	20,964
FCURA - District Property Taxes (TIF)	1,086,169	1,085,070	1,085,070	-
FCURA - Property Tax Increment	1,476,150	1,908,316	1,908,316	-
Sales Tax Increment	550,000	807,961	807,961	-
Other Income	-	5,577	5,577	-
Total Revenues	<u>4,943,132</u>	<u>6,032,450</u>	<u>6,053,414</u>	<u>20,964</u>
<b>EXPENDITURES</b>				
Debt Service:				
County Treasurer's Fees	11,690	11,690	11,678	12
Collection Fee - URA	-	44,901	44,901	-
Paying Agent Fees	3,500	3,500	3,500	-
TIF Fee Retention	-	54,000	54,000	-
Bond Interest	3,980,812	3,980,812	3,980,812	-
Bond Principal	1,690,000	1,690,000	1,690,000	-
Contingency	12,612	15,097	-	15,097
Total Expenditures	<u>5,698,614</u>	<u>5,800,000</u>	<u>5,784,891</u>	<u>15,109</u>
<b>NET CHANGE IN FUND BALANCE</b>	(755,482)	232,450	268,523	36,073
Fund Balance - Beginning of Year	<u>8,193,030</u>	<u>8,470,432</u>	<u>8,470,432</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 7,437,548</u>	<u>\$ 8,702,882</u>	<u>\$ 8,738,955</u>	<u>\$ 36,073</u>

**FOOTHILLS METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ -	\$ 159	\$ 159
Total Revenues	<u>-</u>	<u>159</u>	<u>159</u>
<b>EXPENDITURES</b>			
Capital Outlay:			
Engineering	-	2,000	(2,000)
Capital Outlay	800,000	91,125	708,875
Total Expenditures	<u>800,000</u>	<u>93,125</u>	<u>706,875</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(800,000)	(92,966)	707,034
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	800,000	179,375	(620,625)
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>179,375</u>	<u>(620,625)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	86,409	86,409
Fund Balance - Beginning of Year	<u>-</u>	<u>(164,596)</u>	<u>(164,596)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ (78,187)</u></u>	<u><u>\$ (78,187)</u></u>

## **OTHER INFORMATION**

**FOOTHILLS METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2023**

	\$72,950,000 Special Revenue Bonds Series 2014 Dated October 9, 2014 Interest Rate from 5.25% to 6.00% Interest Payable June 1 and December 1 Principal Payable December 1		
Loan, Bonds, and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2024	\$ 1,915,000	\$ 3,892,088	\$ 5,807,088
2025	2,110,000	3,791,550	5,901,550
2026	2,365,000	3,670,225	6,035,225
2027	2,600,000	3,534,237	6,134,237
2028	2,895,000	3,384,738	6,279,738
2029	3,160,000	3,218,275	6,378,275
2030	3,490,000	3,036,575	6,526,575
2031	3,800,000	2,835,900	6,635,900
2032	4,180,000	2,607,900	6,787,900
2033	4,540,000	2,357,100	6,897,100
2034	4,970,000	2,084,700	7,054,700
2035	5,385,000	1,786,500	7,171,500
2036	5,870,000	1,463,400	7,333,400
2037	6,340,000	1,111,200	7,451,200
2038	12,180,000	730,800	12,910,800
Total	\$ 65,800,000	\$ 39,505,188	\$ 105,305,188

**SUPPLEMENTAL INFORMATION**

Note: Assumes no redemptions, other than mandatory sinking fund redemptions, prior to maturity.  
Figures have been rounded.

**FOOTHILLS METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percentage Collected to Levied
		Operations	Debt Service	Refunds and Abatements	Levied	Collected	
2019	\$ 14,986,570	10.058	50.293	0.000	\$ 904,454	\$ 844,516	93.37
2020	13,091,248	10.071	50.359	7.082	883,816	632,986	71.62
2021	11,647,826	10.072	50.363	30.893	1,063,772	1,042,305	97.98
2022	11,539,720	15.000	50.363	0.000	754,271	762,136	101.04
2023	11,272,590	15.555	51.851	0.000	759,840	758,891	99.88
Estimated for the Year							
Ending December 31,							
2024	\$ 8,214,656	16.416	54.720	0.000	\$ 584,358		

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.