

**FOREST HILLS METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS AND**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

**DECEMBER 31, 2024**

# FOREST HILLS METROPOLITAN DISTRICT

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## FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE YEAR ENDED DECEMBER 31, 2024

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Forest Hills Metropolitan District  
Lakewood, Colorado

**Report on the Audit of the Financial Statements**

*Opinions*

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Forest Hills Metropolitan District as of and for the year ended December 31, 2024, 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 my 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 Forest Hills Metropolitan District as of December 31, 2024, and the changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Forest Hills Metropolitan District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Forest Hills Metropolitan 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***

My objective is 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Forest Hills Metropolitan 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Forest Hills Metropolitan District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Forest Hills Metropolitan District's basic financial statements. The supplementary budget comparison schedules identified in the table of contents is presented to supplement the basic financial statements and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the ten-year summary of assessed valuation, mill levy and property taxes collected, but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

*Scott Wright*

Salida, Colorado  
July 29, 2025

# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 325,839	\$ 279,920	\$ 605,759
Receivables	609,265	3,461	612,726
Internal Balances	63,643	(63,643)	-
Advances to Other Funds	146,041	-	146,041
Prepaid Items	8,062	7,248	15,310
Capital Assets, net of accumulated depreciation:			
Nondepreciable	140,345	-	140,345
Depreciable	1,575,264	2,900,218	4,475,482
<b>Total Assets</b>	<b>2,868,459</b>	<b>3,127,204</b>	<b>5,995,663</b>
<b>LIABILITIES</b>			
Accounts Payable	45,184	43,120	88,304
Retainages Payable	9,865	-	9,865
Deposits	1,000	-	1,000
Accrued Interest Payable	2,874	2,019	4,893
Noncurrent Liabilities:			
Due Within One Year	113,000	25,154	138,154
Due in More Than One Year	1,289,000	612,797	1,901,797
<b>Total Liabilities</b>	<b>1,460,923</b>	<b>683,090</b>	<b>2,144,013</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenues - Grant Revenue	605,879	-	605,879
<b>NET POSITION</b>			
Net Investment in Capital Assets	313,609	2,408,308	2,721,917
Restricted For:			
Emergencies	20,863	-	20,863
Debt Service	24,088	-	24,088
Capital Improvements	2,210	98,850	101,060
Unrestricted	440,887	(63,044)	377,843
<b>Total Net Position</b>	<b>\$ 801,657</b>	<b>\$ 2,444,114</b>	<b>\$ 3,245,771</b>

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

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# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 288,891	\$ -	\$ 2,273	\$ -
Interest and Fiscal Charges on Long-term Debt	37,043	-	-	-
<b>Total Governmental Activities</b>	<b>325,934</b>	<b>-</b>	<b>2,273</b>	<b>-</b>
<b>Business-type Activities</b>				
Water and Sewer Utilities	543,265	604,919	27,345	-
Interest and Fiscal Charges on Long-term Debt	16,731	-	-	-
<b>Total Business-type Activities</b>	<b>559,996</b>	<b>604,919</b>	<b>27,345</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 885,930</b>	<b>\$ 604,919</b>	<b>\$ 29,618</b>	<b>\$ -</b>

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

# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>			
General Government	\$ (286,618)	\$ -	\$ (286,618)
Interest and Fiscal Charges on Long-term Debt	(37,043)	-	(37,043)
<b>Total Governmental Activities</b>	<b>(323,661)</b>	<b>-</b>	<b>(323,661)</b>
<b>Business-type Activities</b>			
Water and Sewer Utilities	-	88,999	88,999
Interest and Fiscal Charges on Long-term Debt	-	(16,731)	(16,731)
<b>Total Business-type Activities</b>	<b>-</b>	<b>72,268</b>	<b>72,268</b>
<b>Total Primary Government</b>	<b>(323,661)</b>	<b>72,268</b>	<b>(251,393)</b>
<b>General Revenues:</b>			
Property Taxes	618,793	-	618,793
Specific Ownership Taxes	39,440	-	39,440
Unrestricted Investment Earnings	32,319	1,696	34,015
Other Revenue	2,607	-	2,607
<b>Total General Revenues</b>	<b>693,159</b>	<b>1,696</b>	<b>36,622</b>
<b>Increase in Net Position</b>	<b>369,498</b>	<b>73,964</b>	<b>(214,771)</b>
<b>Net Position - Beginning of Year (Restated)</b>	<b>432,159</b>	<b>2,370,150</b>	<b>2,802,309</b>
<b>Net Position - End of Year</b>	<b>\$ 801,657</b>	<b>\$ 2,444,114</b>	<b>\$ 2,587,538</b>

# FOREST HILLS METROPOLITAN DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 269,534	\$ 22,937	\$ 33,368	\$ 325,839
Taxes Receivable	454,223	155,042	-	609,265
Due from Other Funds	63,643	1,151	-	64,794
Prepaid Items	8,062	-	-	8,062
Advances to Other Funds	146,041	-	-	146,041
<b>Total Assets</b>	<b>\$ 941,503</b>	<b>\$ 179,130</b>	<b>\$ 33,368</b>	<b>\$ 1,154,001</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable	\$ 23,891	\$ -	\$ 21,293	\$ 45,184
Retainages Payable	-	-	9,865	9,865
Deposits	1,000	-	-	1,000
Due to Other Funds	1,151	-	-	1,151
<b>Total Liabilities</b>	<b>26,042</b>	<b>-</b>	<b>31,158</b>	<b>57,200</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	450,837	155,042	-	605,879
<b>Total Deferred Inflows of Resources</b>	<b>450,837</b>	<b>155,042</b>	<b>-</b>	<b>605,879</b>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Prepaid Items	8,062	-	-	8,062
<b>Restricted For:</b>				
TABOR Emergency Reserve	20,863	-	-	20,863
Debt Service	-	24,088	-	24,088
Capital Improvements	-	-	2,210	2,210
<b>Unassigned</b>	<b>435,699</b>	<b>-</b>	<b>-</b>	<b>435,699</b>
<b>Total Fund Balances</b>	<b>464,624</b>	<b>24,088</b>	<b>2,210</b>	<b>490,922</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 941,503</b>	<b>\$ 179,130</b>	<b>\$ 33,368</b>	<b>\$ 1,154,001</b>

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

# FOREST HILLS METROPOLITAN DISTRICT

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## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2024

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Total Fund Balances - Governmental Funds \$ 490,922

*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 fund balance sheet.

Capital Assets	3,820,631
Accumulated Depreciation	<u>(2,105,022)</u>
	<u>1,715,609</u>

Some liabilities, including bonds, notes and leases payable, and  
compensated absences are not due and payable in the current period  
and therefore are not reported as liabilities in the governmental funds.

Bonds Payable	<u>(1,402,000)</u>
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Accrued interest payable is recognized for governmental activities  
but is not due and payable in the current period and therefore is not  
reported as a liability in the governmental funds.

	<u>(2,874)</u>
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<b>Net Position of Governmental Activities</b>	<u><u>\$ 801,657</u></u>
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# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Revenues</b>				
Taxes:				
Property	\$ 460,443	\$ 158,350	\$ -	\$ 618,793
Specific Ownership	39,440			39,440
Intergovernmental:				
Lottery Proceeds	2,273	-	-	2,273
Investment Earnings	22,675	3,967	5,677	32,319
Miscellaneous	2,607	-	-	2,607
<b>Total Revenues</b>	<b>527,438</b>	<b>162,317</b>	<b>5,677</b>	<b>695,432</b>
<b>Expenditures</b>				
Current:				
General and Administrative Costs	55,938	2,377	-	58,315
Professional Services	34,008	-	-	34,008
Repairs and Maintenance	97,310	-	-	97,310
Capital Outlay	122,613	-	258,003	380,616
Debt Service:				
Principal	-	110,000	-	110,000
Interest	-	37,269	-	37,269
<b>Total Expenditures</b>	<b>309,869</b>	<b>149,646</b>	<b>258,003</b>	<b>717,518</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	217,569	12,671	(252,326)	(22,086)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	250,000	250,000
Operating Transfers Out	(250,000)	-	-	(250,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(250,000)</b>	<b>-</b>	<b>250,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(32,431)</b>	<b>12,671</b>	<b>(2,326)</b>	<b>(22,086)</b>
<b>Fund Balances, Beginning of Year (Restated)</b>	<b>497,055</b>	<b>11,417</b>	<b>4,536</b>	<b>513,008</b>
<b>Fund Balances, End of Year</b>	<b>\$ 464,624</b>	<b>\$ 24,088</b>	<b>\$ 2,210</b>	<b>\$ 490,922</b>

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

# FOREST HILLS METROPOLITAN DISTRICT

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## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

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Net change in fund balances - Total Governmental Funds \$ (22,086)

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

Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than noncapitalizable items are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	348,618
Depreciation	<u>(67,260)</u>
	<u>281,358</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of Bonds Payable	<u>110,000</u>
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Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable on outstanding debt.	<u>226</u>
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<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 369,498</u></u>
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# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2024

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 76,939	\$ 202,981	\$ 279,920
Accounts Receivable	-	3,461	3,461
Due from Other Funds	21,911	-	21,911
Prepaid Items	-	7,248	7,248
<b>Total Current Assets</b>	<b>98,850</b>	<b>213,690</b>	<b>312,540</b>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
- Water System	-	3,249,490	3,249,490
- Sewer System	-	2,977,706	2,977,706
	-	6,227,196	6,227,196
Less: Accumulated Depreciation	-	(3,326,978)	(3,326,978)
<b>Net Capital Assets</b>	<b>-</b>	<b>2,900,218</b>	<b>2,900,218</b>
<b>Total Assets</b>	<b>\$ 98,850</b>	<b>\$ 3,113,908</b>	<b>\$ 3,212,758</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ -	\$ 43,120	\$ 43,120
Due to Other Funds	-	85,554	85,554
Accrued Interest Payable	-	2,019	2,019
Loans Payable, current	-	25,154	25,154
<b>Total Current Liabilities</b>	<b>-</b>	<b>155,847</b>	<b>155,847</b>
<b>Noncurrent Liabilities:</b>			
Advances from Other Funds	-	146,041	146,041
Loans Payable	-	466,756	466,756
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>612,797</b>	<b>612,797</b>
<b>Total Liabilities</b>	<b>-</b>	<b>768,644</b>	<b>768,644</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	-	2,408,308	2,408,308
Restricted for Capital Projects	98,850	-	98,850
Unrestricted (Deficit)	-	(63,044)	(63,044)
<b>Total Net Position</b>	<b>\$ 98,850</b>	<b>\$ 2,345,264</b>	<b>\$ 2,444,114</b>

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

# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
<b>Operating Revenues</b>			
Charges for Services:			
- Water Use Fee	\$ -	\$ 37,980	\$ 37,980
- Water Service Fee	-	185,814	185,814
- Sewer Service Fee	-	244,762	244,762
- Capital Fee	-	133,200	133,200
- Availability of Service Fee	-	720	720
Other Operating Revenue	-	2,443	2,443
<b>Total Operating Revenues</b>	<b>-</b>	<b>604,919</b>	<b>604,919</b>
<b>Operating Expenses</b>			
General and Administrative Costs	-	56,667	56,667
Water and Wastewater Operations	-	339,089	339,089
Depreciation	-	147,509	147,509
<b>Total Operating Expenses</b>	<b>-</b>	<b>543,265</b>	<b>543,265</b>
<b>Operating Income</b>	<b>-</b>	<b>61,654</b>	<b>61,654</b>
<b>Nonoperating Revenues (Expenses)</b>			
Grant Revenues	-	27,345	27,345
Interest Earnings	1,696	-	1,696
Interest Expense	-	(16,731)	(16,731)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>1,696</b>	<b>10,614</b>	<b>12,310</b>
<b>Income Before Contributions and Transfers</b>	<b>1,696</b>	<b>72,268</b>	<b>73,964</b>
<b>Capital Contributions and Transfers</b>			
Transfers In (Out)	97,154	(97,154)	-
<b>Change in Net Position</b>	<b>98,850</b>	<b>(24,886)</b>	<b>73,964</b>
<b>Total Net Position, Beginning of Year</b>	<b>-</b>	<b>2,370,150</b>	<b>2,370,150</b>
<b>Total Net Position, End of Year</b>	<b>\$ 98,850</b>	<b>\$ 2,345,264</b>	<b>\$ 2,444,114</b>

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

# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEARS ENDED DECEMBER 31, 2024

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
<b>Cash Flows From Operating Activities</b>			
Cash Received From Customers	\$ -	\$ 611,001	\$ 611,001
Cash Payments to Suppliers for Goods and Services	-	(367,389)	(367,389)
Other Operating Revenues	-	2,443	2,443
<b>Net Cash Provided by Operating Activities</b>	-	246,055	246,055
<b>Cash Flows From Noncapital Financing Activities</b>			
Grants Received	-	27,345	27,345
Net Borrowings (To) From Other Funds	-	(44,939)	(44,939)
Transfers In (Out) from Other Funds	75,243	(75,243)	-
<b>Net Cash Provided by (Used In) Noncapital Financing Activities</b>	75,243	(92,837)	(17,594)
<b>Cash Flows From Capital Financing Activities</b>			
Acquisition and Construction of Capital Assets	-	(74,410)	(74,410)
Interest Paid on Long-term Debt	-	(15,918)	(15,918)
Principal Paid on Long-term Debt	-	(24,545)	(24,545)
<b>Net Cash Used in Capital Financing Activities</b>	-	(114,873)	(114,873)
<b>Cash Flows From Investing Activities</b>			
Earnings on Investments	1,696	-	1,696
<b>Net Cash Provided by Investing Activities</b>	1,696	-	1,696
<b>Net Increase in Cash and Cash Equivalents</b>	76,939	38,345	115,284
<b>Cash and Cash Equivalents, Beginning of Year</b>	-	164,636	164,636
<b>Cash and Cash Equivalents, End of Year</b>	\$ 76,939	\$ 202,981	\$ 279,920

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

# FOREST HILLS METROPOLITAN DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEARS ENDED DECEMBER 31, 2024

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ -	\$ 61,654	\$ 61,654
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	-	147,509	147,509
Change in Assets and Liabilities:			
Decrease in Accounts Receivable	-	8,525	8,525
Decrease In Prepaid Expenses	-	2,631	2,631
Increase in Accounts Payable	-	25,736	25,736
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Adjustments	-	184,401	184,401
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net Cash Provided by Operating Activities</b>	<u>                    </u> <u>                    </u>	<u>                    </u> <u>                    </u>	<u>                    </u> <u>                    </u>

# FOREST HILLS METROPOLITAN DISTRICT

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET TO ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Property	\$ 452,619	\$ 460,443	\$ 7,824
Specific Ownership	20,000	39,440	19,440
Intergovernmental:			
Lottery Proceeds	2,000	2,273	273
Investment Earnings	10,000	22,675	12,675
Miscellaneous	-	2,607	2,607
<b>Total Revenues</b>	<u>484,619</u>	<u>527,438</u>	<u>42,819</u>
<b>Expenditures</b>			
Current:			
Administration	51,556	55,938	(4,382)
Professional Services	21,000	34,008	(13,008)
Repairs and Maintenance	109,200	97,310	11,890
Capital Outlay	131,000	122,613	8,387
<b>Total Expenditures</b>	<u>312,756</u>	<u>309,869</u>	<u>2,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>171,863</u>	<u>217,569</u>	<u>45,706</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	25,211	-	(25,211)
Operating Transfers Out	(250,000)	(250,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(224,789)</u>	<u>(250,000)</u>	<u>(25,211)</u>
<b>Net Change in Fund Balance</b>	(52,926)	(32,431)	20,495
<b>Fund Balance, Beginning of Year</b>	<u>255,606</u>	<u>497,055</u>	<u>241,449</u>
<b>Fund Balance, End of year</b>	<u>\$ 202,680</u>	<u>\$ 464,624</u>	<u>\$ 261,944</u>

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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The financial statements of the Forest Hills Metropolitan District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District's financial statements.

### **Note 1. Summary of Significant Accounting Policies**

#### **A. Financial Reporting Entity**

*Primary Government.* Forest Hills Metropolitan District (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 and property taxes, water charges and sewer charges. The District is governed by an elected Board of Directors. The District has no employees and contracts for all of its management and professional services.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by GASB Statements No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

#### **B. Government-wide and Fund Financial Statements**

*Government-wide Financial Statements.* The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

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

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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

*Fund Financial Statements.* Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Measurement Focus and Basis of Accounting.* The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes 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. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The major sources of revenue which are susceptible to accrual are property taxes and certain intergovernmental revenues. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

*Financial Statement Presentation – Fund Accounting.* A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual, and regulatory requirements.

The District reports the following major governmental funds:

- *General Fund* - This is the District's primary operating fund. It is used to account for all activities of the District not required to be accounted for in some other fund.
- *Debt Service Fund* – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- *Capital Projects Fund* – This 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

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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The District reports the following major proprietary fund:

- *Water and Sewer Utility Fund* – This 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 a proprietary fund's principal ongoing operations.

The principal operating revenues of the District's Water and Sewer Utility Fund are utility fees and charges. Operating expenses include repairs and maintenance, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **D. Budgets**

Budgets are adopted by the District on a basis consistent with generally accepted accounting principles for all funds, with the exception of proprietary funds which are budgeted on the modified accrual basis of accounting. Expenditures may not legally exceed budgeted appropriations at the fund level.

### **E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools. Colorado State Statutes authorize the District to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value.

### **F. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, 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.

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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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.

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

Water and Sewer Systems	50 years
Landscaping / Fire Mitigation	25 years
Streets	25 years
Recreation	10 - 30 years

### **G. Long-term Obligations.**

In the government-wide statement of net position long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the interest method. Long-term debt payable is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

### **H. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category - deferred inflows of resources (DIR) representing unavailable tax revenues.

The governmental funds also reported deferred inflows of resources representing unavailable property tax revenues.

Deferred inflows of resources are presented below the total liabilities on the government-wide and governmental fund statements.

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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### I. Fund Balances

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned. These fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

### J. Net Position

Net position represents the residual of all other elements presented in the statement of net position which equals assets plus deferred outflows of resources less liabilities and deferred inflows of

# **FOREST HILLS METROPOLITAN DISTRICT**

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## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024**

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resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, including accounts, contract and retainage payables. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### **K. Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations as determined by the Jefferson 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 place 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. Taxes are payable by April 30, or if at the taxpayer's election paid in equal installments, by February 28 and June 15, respectively. 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 are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

### **L. Use of Estimates**

The preparation of financial statements in conformity with GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. District management has estimated the useful lives of the District's capital assets as reflected in the Statement of Net Position.

### **M. 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.

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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### Note 2. Deposits and Investments

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	\$ <u>603,760</u>
Total	\$ <u>603,760</u>

Cash and investments as of December 31, 2024 consist of the following:

Deposits With Financial Institutions	\$ 219,931
Deposits With Local Government Investment Pools	<u>382,829</u>
Total	\$ <u>603,760</u>

### Deposits

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits are entirely covered by federal deposit insurance or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The Federal Deposit Insurance Corporation (FDIC) insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. PDPA requires that cash be deposited in eligible public depositories and deposits 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 with the District being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

### Local Government Investment Pools

The Colorado Local Government Liquid Asset Trust (COLOTRUST or the Trust) was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, C.R.S.) to allow Colorado governmental entities to pool their funds to take advantage of short-term investments and maximize net interest earnings. The Trust is a professionally managed local government investment pool trust fund available only to governmental entities in Colorado. The Trust operates under

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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the custodianship and oversight of a Board of Trustees comprised of participating local government officials and is not registered with the Securities and Exchange Commission (SEC). However, COLOTRUST operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. COLOTRUST is registered with the Securities Commissioner of the State of Colorado in accordance with the Local Government Investment Pool Trust Fund Administration and Enforcement Act (Part 9, Article 51, Title 11, C.R.S.).

The District participates in the COLOTRUST PLUS+ (PLUS+) portfolio, which may invest in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, commercial paper that, at the time of purchase, is rated in its highest rating category by at least two nationally recognized organizations which regularly rate such obligations, corporate bonds, and government money market funds rated ‘AAAm.’ PLUS+ maintains a stable net asset value (NAV) of \$1.00 per share using fair value as defined by the Financial Accounting Standards Board (FASB) ASC 820 “Fair Value Measurement and Disclosure”. PLUS+ is rated AAAM by S&P Global Ratings. At December 31, 2024, the District had \$382,829 invested in PLUS+. These funds are available for withdrawal upon demand and are not subject to withdrawal restrictions or notice periods.

### **Note 3. Legal Compliance – Budgets**

No later than October 15<sup>th</sup>, the District Manager submits to the Board of Directors a proposed budget for the calendar year commencing the following January 1<sup>st</sup>. The budget is prepared by fund and line item and includes information on the prior year, current year estimates and requested appropriations and estimated revenues for the upcoming year. Expenditures may not legally exceed budgeted appropriations at the fund level.

The Board of Directors holds public hearings and must adopt the budget by resolution prior to December 15<sup>th</sup>. Once adopted, the Board may at any time, by resolution, amend the budget. The District had two supplemental appropriations during the year ended December 31, 2024.

# FOREST HILLS METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

### Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Erosion System	\$ 61,089	\$ -	\$ -	\$ 61,089
Construction in Progress	<u>10,989</u>	<u>90,614</u>	<u>(22,347)</u>	<u>79,256</u>
Total Capital Assets, Not Being Depreciated	<u>72,078</u>	<u>90,614</u>	<u>(22,347)</u>	<u>140,345</u>
Capital Assets, Being Depreciated				
Streets	2,801,393	258,004	-	3,059,397
Landscaping / Fire Mitigation	208,749	-	-	208,749
Recreation	<u>389,793</u>	<u>22,347</u>	<u>-</u>	<u>412,140</u>
Total Capital Assets Being Depreciated	<u>3,399,935</u>	<u>280,351</u>	<u>-</u>	<u>3,680,286</u>
Less: Accumulated Depreciation				
Streets	(1,734,199)	(46,945)	-	(1,781,144)
Landscaping / Fire Mitigation	(68,356)	(8,350)	-	(76,706)
Recreation	<u>(235,207)</u>	<u>(11,965)</u>	<u>-</u>	<u>(247,172)</u>
Total Accumulated Depreciation	<u>(2,037,762)</u>	<u>(67,260)</u>	<u>-</u>	<u>(2,105,022)</u>
Total Capital Assets Being Depreciated, Net	<u>1,362,173</u>	<u>213,091</u>	<u>-</u>	<u>1,575,264</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,434,251</u>	<u>\$ 303,705</u>	<u>\$ (22,347)</u>	<u>\$ 1,715,609</u>
<b>Business-type Activities:</b>				
Capital Assets, Being Depreciated				
Water System	\$ 3,241,065	\$ 8,426	\$ -	\$ 3,249,491
Sewer System	<u>2,911,722</u>	<u>65,984</u>	<u>-</u>	<u>2,977,706</u>
Total Capital Assets Being Depreciated	<u>6,152,787</u>	<u>74,410</u>	<u>-</u>	<u>6,227,197</u>
Less: Accumulated Depreciation				
Water System	(1,743,866)	(84,271)	-	(1,828,137)
Sewer System	<u>(1,435,604)</u>	<u>(63,237)</u>	<u>-</u>	<u>(1,498,841)</u>
Total Accumulated Depreciation	<u>(3,179,470)</u>	<u>(147,508)</u>	<u>-</u>	<u>(3,326,978)</u>
Total Capital Assets Being Depreciated, Net	<u>2,973,317</u>	<u>(73,098)</u>	<u>-</u>	<u>2,900,219</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,973,317</u>	<u>\$ (73,098)</u>	<u>\$ -</u>	<u>\$ 2,900,219</u>

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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Depreciation expense charged to the general government and utility functions of the District in the Statement of Activities for the year ended December 31, 2024 was \$67,260 and \$147,509, respectfully.

### **Note 5. Long-term Debt**

#### Governmental Activities

*Tax Free Refunding Loan, Series 2020A.* On December 11, 2020, the District issued \$1,045,000 of Tax Free Refunding Bonds Series 2020A to current refund the outstanding Series 2009 General Obligation Refunding Bonds. The Series 2020A bonds carry an interest rate of 2.46% with interest payable on June 1st and December 1st and principal payable on December 1st. The bonds mature on December 1, 2035. 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.

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 carry an interest rate of 2.46% with interest payable on June 1st and December 1st and principal payable on December 1st. The bonds mature on December 1, 2028. 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.

Bonds outstanding at December 31, 2024 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
General Government – Refunding Bonds	2.46%	\$1,045,000
General Government – Public Improvements	2.46%	<u>357,000</u>
		<u>\$1,402,000</u>

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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Annual debt service requirements to maturity for Bonds outstanding at December 31, 2024, are as follows:

Year Ending <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 113,000	\$ 34,489
2026	115,000	31,709
2027	118,000	28,880
2028	121,000	25,978
2029	124,000	23,001
2030-2034	667,000	67,749
2035	<u>144,000</u>	<u>3,542</u>
Total	<u>\$ 1,402,000</u>	<u>\$ 215,348</u>

### Business-type Activities

*Drinking Water Revolving Fund 2020 Direct Loan.* On September 30, 2020, the District entered into a direct borrowing agreement with the Colorado Water Resource and Power Development Authority for a loan in the amount of \$490,148. The proceeds of the loan were used to construct a booster pump station. The loan is a fixed rate loan bearing interest at a fixed rate of 2.5% and is payable in semi-annual principal and interest payments and matures on November 1, 2040.

*Drinking Water Revolving Fund 2021 Direct Loan.* On May 21, 2021 the District entered into a direct borrowing agreement with the Colorado Water Resource and Power Development Authority for a loan in the amount of \$150,000. The proceeds of the loan were used to construct a booster pump station. The loan is a fixed rate loan bearing interest at a fixed rate of 2.25% and is payable in semi-annual principal and interest payments and matures on November 1, 2041.

Direct borrowings outstanding at December 31, 2024 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Business-type - Utilities	2.50%	\$ 417,353
Business-type - Utilities	2.25%	<u>74,557</u>
		<u>\$ 491,910</u>

# FOREST HILLS METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

Annual debt service requirements to maturity for direct borrowings outstanding at December 31, 2024, are as follows:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2025	\$ 25,154	\$ 11,957
2026	25,777	11,334
2027	26,416	10,695
2028	27,071	10,040
2029	27,742	9,369
2030-2034	149,377	36,179
2035-2039	168,838	16,717
2040-2041	<u>41,535</u>	<u>878</u>
Total	<u>\$ 491,910</u>	<u>\$ 107,169</u>

### Note 6. Interfund Advances

#### *Advances To/From Other Funds*

At year-end, the District reported the following long-term advances between funds:

Description	Advances To	Advances From	Original Advance	Ending Balance December 31, 2024
2021 Interfund Loan for Fluidyne Equipment	Water and Sewer Utility Fund	General Fund	\$ 65,000	\$ 51,191
2022 Interfund Loan for Smart Meters	Water and Sewer Utility Fund	General Fund	45,000	40,950
2023 Interfund Loan for Mainline Repair	Water and Sewer Utility Fund	General Fund	60,000	<u>54,200</u>
				<u>\$ 146,041</u>

These balances represent long-term advances made to support capital improvements and infrastructure needs in the borrowing funds. The advances are not expected to be repaid within one year and are therefore classified as noncurrent assets and liabilities in the respective fund financial statements.

These advances do not constitute short-term interfund borrowings and will be liquidated from future revenue streams of the respective borrowing funds.

### Note 7. Changes in Long-term Debt

Long-term debt activity for the year ended December 31, 2024, was as follows:

# FOREST HILLS METROPOLITAN DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

	Beginning Balance (Restated)	Additions	Dele tions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,512,000	\$ -	\$ 110,000	\$ 1,402,000	\$ 113,000
Total Governmental Activity					
Long-term Liabilities	\$ 1,512,000	\$ -	\$ 110,000	\$ 1,402,000	\$ 113,000
<b>Business-type Activities:</b>					
Loans Payable	\$ 516,455	\$ -	\$ 24,545	\$ 491,910	\$ 25,154
Advances from Other Funds	170,000	-	23,959	146,041	-
Total Business-type Activity					
Long-term Liabilities	\$ 686,455	\$ -	\$ 48,504	\$ 637,951	\$ 25,154

### Note 8. 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.

### Note 9. Commitments and Contingencies

*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. TABOR also generally requires voter approval prior to imposing new taxes, increasing taxes or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

# FOREST HILLS METROPOLITAN DISTRICT

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## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes the Water and Sewer Utility Fund qualifies for this exclusion. The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is extremely complex and subject to interpretation. The ultimate impact and implementation of TABOR may depend upon litigation and legislative guidance. The tax and spending limitations contained in TABOR may impact future financial activity.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The emergency reserve balance at December 31, 2024, totaled \$20,863.

### **Note 10. Restated Beginning Fund Balance and Beginning Net Position**

During the fiscal year, the District determined that amounts previously reported as interfund transfers between the General Fund and the Water and Sewer Utility Fund should have been recorded as interfund advances. This correction resulted in a reclassification from transfers to long-term interfund receivables and payables in accordance with generally accepted accounting principles (GAAP). The restatement had the following impact on beginning balances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Increase in fund balance for recognition of a long-term advance to the Water and Sewer Utility Fund	\$ 170,000
Water and Sewer Utility Fund	Decrease in net position for recognition of a long-term advance payable to the General Fund	\$ (170,000)

As a result, the beginning fund balance of the General Fund as of January 1, 2024, was increased by \$170,000, and the beginning net position of the Water and Sewer Utility Fund was decreased by \$170,000. The restatement had no impact on total government-wide net position.

## **SUPPLEMENTARY INFORMATION**

# FOREST HILLS METROPOLITAN DISTRICT

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## DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2024

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	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes:			
General property Taxes	\$ 155,659	\$ 158,350	\$ 2,691
Investment Earnings	500	3,967	3,467
	<u>156,159</u>	<u>162,317</u>	<u>6,158</u>
<b>Expenditures</b>			
Current:			
General and Administrative	2,500	2,377	123
Debt Service:			
Bond Principal	110,000	110,000	-
Bond Interest	37,195	37,269	(74)
	<u>149,695</u>	<u>149,646</u>	<u>49</u>
<b>Net Change in Fund Balance</b>	6,464	12,671	6,207
<b>Fund Balance, Beginning of Year</b>	<u>8,644</u>	<u>11,417</u>	<u>2,773</u>
<b>Fund Balance, End of year</b>	<u>\$ 15,108</u>	<u>\$ 24,088</u>	<u>\$ 8,980</u>

# FOREST HILLS METROPOLITAN DISTRICT

## CAPITAL PROJECTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 5,677	\$ 3,677
<b>Total Revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>5,677</b>	<b>3,677</b>
<b>Expenditures</b>				
Capital Outlay	40,000	260,000	258,003	1,997
<b>Total Expenditures</b>	<b>40,000</b>	<b>260,000</b>	<b>258,003</b>	<b>1,997</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,000)	(258,000)	(252,326)	5,674
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	250,000	250,000	250,000	-
<b>Net Change in Fund Balance</b>	<b>212,000</b>	<b>(8,000)</b>	<b>(2,326)</b>	<b>5,674</b>
<b>Fund Balance, Beginning of Year</b>	<b>11,156</b>	<b>11,156</b>	<b>4,536</b>	<b>11,156</b>
<b>Fund Balance, End of year</b>	<b>\$ 223,156</b>	<b>\$ 3,156</b>	<b>\$ 2,210</b>	<b>\$ 16,830</b>

# FOREST HILLS METROPOLITAN DISTRICT

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## INFRASTRUCTURE REPAIR / REPLACEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2024

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original and Final			
<b>Revenues</b>				
Investment Earnings	\$ 500		\$ 1,696	\$ 1,196
<b>Total Revenues</b>	500		1,696	1,196
<b>Expenditures</b>				
Capital Outlay	40,000		-	40,000
<b>Total Expenditures</b>	40,000		-	40,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,500)		1,696	41,196
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	93,240		97,154	3,914
<b>Net Change in Fund Balance</b>	53,740		98,850	45,110
<b>Fund Balance, Beginning of Year</b>	-		-	-
<b>Fund Balance, End of year</b>	\$ 53,740		\$ 98,850	\$ 45,110

Fund Balance at December 31, 2024 is computed as follows:

Current Assets	\$ 98,850
Less: Current Liabilities	-
Less: Advances from Other Funds	-
Add: Current Portion of Loans Payable	-
Fund Balance (Deficit) - December 31, 2024	\$ 98,850

# FOREST HILLS METROPOLITAN DISTRICT

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## INFRASTRUCTURE REPAIR / REPLACEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2024

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	<u>Actual Amounts</u>
<b>RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS) TO CHANGE IN NET POSITION (GAAP BASIS)</b>	
Net Change in Fund Balances (Budgetary Basis)	<u>\$ 98,850</u>
<b>Adjustments to Reconcile Budgetary Basis to GAAP Basis</b>	
Capitalization of Fixed Assets	-
Depreciation	<u>-</u>
<b>Total Adjustments</b>	<u>-</u>
<b>Change in Net Position (GAAP Basis)</b>	<u><u>\$ 98,850</u></u>

# FOREST HILLS METROPOLITAN DISTRICT

## WATER AND SEWER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget <u>Original and Final</u>	Actual <u>Amounts</u>	Variance Positive (Negative)
<b>Revenues</b>			
<i>Charges for Service:</i>			
Water Use Fee	24,346	37,980	13,634
Water Service Fee	189,943	185,814	(4,129)
Sewer Service Fee	250,203	244,762	(5,441)
Capital Fee	133,200	133,200	-
Availability of Service Fee	-	720	720
<i>Intergovernmental:</i>			
Operating Grants	-	27,345	27,345
Other Operating Revenue	5,000	2,443	(2,557)
<b>Total Revenues</b>	<u>602,692</u>	<u>632,264</u>	<u>29,572</u>
<b>Expenditures</b>			
<i>Current:</i>			
General and Administrative Costs	48,546	56,667	(8,121)
Water and Wastewater Operations	437,750	339,089	98,661
Capital Outlay	-	74,410	(74,410)
<i>Debt Service:</i>			
Loans and Advances - Interest	12,800	16,731	(3,931)
Loans and Advances - Principal	24,545	48,504	(23,959)
<b>Total Expenditures</b>	<u>523,641</u>	<u>535,401</u>	<u>(11,760)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,051	96,863	17,812
<b>Other Financing Sources (Uses)</b>			
Operating Transfers Out	(118,451)	(97,154)	21,297
<b>Net Change in Fund Balance</b>	(39,400)	(291)	39,109
<b>Fund Balance (Deficit), Beginning of Year</b>	<u>169,328</u>	<u>(62,753)</u>	<u>(232,081)</u>
<b>Fund Balance (Deficit), End of year</b>	<u>\$ 129,928</u>	<u>\$ (63,044)</u>	<u>\$ (192,972)</u>

Fund Balance at December 31, 2024 is computed as follows:

Current Assets	\$ 213,690
Less: Current Liabilities	(155,847)
Less: Advances from Other Funds	(146,041)
Add: Current Portion of Loans Payable	<u>25,154</u>
<b>Fund Balance (Deficit) - December 31, 2024</b>	<u>\$ (63,044)</u>

# FOREST HILLS METROPOLITAN DISTRICT

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## WATER AND SEWER UTILITY FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

#### (BUDGETARY BASIS) - BUDGET AND ACTUAL

#### FOR THE YEAR ENDED DECEMBER 31, 2024

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	<u>Actual Amounts</u>
<b>RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS) TO CHANGE IN NET POSITION (GAAP BASIS)</b>	
<b>Net Change in Fund Balances (Budgetary Basis)</b>	<u>\$ (291)</u>
<b>Adjustments to Reconcile Budgetary Basis to GAAP Basis</b>	
Capitalization of Fixed Assets	74,410
Principal Paid on Loans and Advances	48,504
Depreciation	<u>(147,509)</u>
<b>Total Adjustments</b>	<u>(24,595)</u>
<b>Change in Net Position (GAAP Basis)</b>	<u><u>\$ (24,886)</u></u>

## **OTHER INFORMATION**

# FOREST HILLS METROPOLITAN DISTRICT

## TEN YEAR SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAX COLLECTIONS DECEMBER 31, 2024

Levy Year	Collection Year	Assessed Value	Mill Rate General	Total Property Taxes		Percent of Current Taxes Collected
				Levied	Collected	
2015	2016	\$ 8,747,778	57.785	\$ 505,490	\$ 507,868	100.47%
2016	2017	8,746,265	60.785	531,642	530,367	99.76%
2017	2018	8,958,166	60.785	544,522	544,523	100.00%
2018	2019	8,963,176	59.785	535,863	535,864	100.00%
2019	2020	9,267,027	56.285	521,595	525,464	100.74%
2020	2021	9,291,512	50.310	467,456	467,457	100.00%
2021	2022	10,456,000	48.610	508,266	507,224	99.79%
2022	2023	10,161,049	49.866	506,691	506,692	100.00%
2023	2024	12,452,724	48.847	608,278	618,792	101.73%
2024	2025	12,403,356	48.848	605,879	NA	NA

**Notes:**

(1) Taxes are due and payable on January 1 based on the prior year's assessed valuation.

(2) Property taxes collected in any one year includes collection of delinquent property taxes, refunds and abatements. Information received from the County Treasurer does not permit identification of the specific assessment year.