

**FOOTHILLS METROPOLITAN DISTRICT
Larimer County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**FOOTHILLS METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

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

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, 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 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, 2024, 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.

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.

Other Matters

Economic Dependency

As disclosed in Note 11 of the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the developer for funding continued operations.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 14, 2025

BASIC FINANCIAL STATEMENTS

**FOOTHILLS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 6,912,787
Receivable from County Treasurer	9,053
PIF Receivable	179,623
Prepaid Insurance	700
Property Tax Receivable	574,616
Capital Assets:	
Capital Assets Not Being Depreciated	577,024
Capital Assets Net of Depreciation	<u>32,388,950</u>
Total Assets	<u>40,642,753</u>
LIABILITIES	
Accounts Payable	229,532
Fort Collins URA Payable	12,342
Accrued Interest	315,963
Noncurrent Liabilities:	
Due Within One Year	2,110,000
Due in More Than One Year	<u>63,379,016</u>
Total Liabilities	<u>66,046,853</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>574,616</u>
Total Deferred Inflows of Resources	<u>574,616</u>
NET POSITION	
Net Investment in Capital Assets	(21,164,069)
Restricted for:	
Emergency Reserve	13,050
Unrestricted	<u>(4,827,697)</u>
Total Net Position	<u>\$ (25,978,716)</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 3,600,070	\$ -	\$ 25,171	\$ -	\$ (3,574,899)
Interest on Long-Term Debt and Related Costs	4,028,141	-	-	-	(4,028,141)
Total Governmental Activities	\$ 7,628,211	\$ -	\$ 25,171	\$ -	(7,603,040)
GENERAL REVENUES					
					577,205
					104,590
					1,019,596
					2,461,384
					479,363
					472,430
					3,135
					5,117,703
CHANGES IN NET POSITION					
					(2,485,337)
					(23,493,379)
NET POSITION - END OF YEAR					
					\$ (25,978,716)

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ 3,384	\$ 6,909,403	\$ -	\$ 6,912,787
Receivable from County Treasurer	2,089	6,964	-	9,053
PIF Receivable	-	179,623	-	179,623
Due from Other Funds	72,275	-	-	72,275
Prepaid Insurance	700	-	-	700
Property Tax Receivable	132,600	442,016	-	574,616
	<u>\$ 211,048</u>	<u>\$ 7,538,006</u>	<u>\$ -</u>	<u>\$ 7,749,054</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 214,040	\$ -	\$ 15,492	\$ 229,532
Fort Collins URA Payable	1,260	11,082	-	12,342
Due to Other Funds	-	-	72,275	72,275
Total Liabilities	<u>215,300</u>	<u>11,082</u>	<u>87,767</u>	<u>314,149</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	132,600	442,016	-	574,616
Total Deferred Inflows of Resources	<u>132,600</u>	<u>442,016</u>	<u>-</u>	<u>574,616</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expense	700	-	-	700
Restricted for:				
Emergency Reserves	13,050	-	-	13,050
Debt Service	-	7,084,908	-	7,084,908
Capital Projects	-	-	-	-
Assigned to:				
Subsequent Year's Expenditures	400	-	-	400
Unassigned	(151,002)	-	(87,767)	(238,769)
Total Fund Balances	<u>(136,852)</u>	<u>7,084,908</u>	<u>(87,767)</u>	<u>6,860,289</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 211,048</u>	<u>\$ 7,538,006</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.

32,965,974

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 - Series 2014 Bonds	(63,885,000)
Accrued Bond Interest - Series 2014 Bonds	(315,963)
Developer Advance Payable - Operating	(167,919)
Developer Advance Payable - Capital	(899,479)
Accrued Developer Advance interest - Operating	(6,793)
Accrued Developer Advance Interest - Capital	(529,825)
	<u>(63,885,000)</u>

Net Position of Governmental Activities

\$ (25,978,716)

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, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 133,201	\$ 444,004	\$ -	\$ 577,205
FCURA - District Property Taxes	248,689	828,963	-	1,077,652
FCURA - Property Tax Increment	-	1,383,732	-	1,383,732
Specific Ownership Taxes	24,136	80,454	-	104,590
Sales Tax Revenue	-	479,363	-	479,363
Public Improvement Fees	-	1,019,596	-	1,019,596
Interest Income	270	472,160	-	472,430
Other Revenue	28,306	-	-	28,306
Total Revenues	<u>434,602</u>	<u>4,708,272</u>	<u>-</u>	<u>5,142,874</u>
EXPENDITURES				
Current:				
Accounting	57,094	-	-	57,094
Auditing	7,300	-	-	7,300
County Treasurer's Fee	2,663	8,876	-	11,539
Directors' Fees	2,400	-	-	2,400
Dues And Membership	800	-	-	800
Insurance	21,288	-	-	21,288
District Management	25,235	-	-	25,235
PIF Collection	24,485	-	-	24,485
Legal	47,913	-	-	47,913
Miscellaneous	-	-	1	1
Collection Fee - URA	7,735	56,855	-	64,590
Security	124,475	-	-	124,475
Payroll Taxes	184	-	-	184
Election	41	-	-	41
Repairs And Maintenance	13,071	-	-	13,071
Property Management Fee	58,791	-	-	58,791
Holiday Tree Lights	7,000	-	-	7,000
Janitorial	53,325	-	-	53,325
Parking Garage R&M	43,289	-	-	43,289
Fountain Maintenance	16,830	-	-	16,830
Landscaping	87,186	-	-	87,186
Snow Removal	50,376	-	-	50,376
Utilities	27,124	-	-	27,124
TIF Fee Retention	54,000	486,000	-	540,000
Debt Service:				
Paying Agent Fees	-	3,500	-	3,500
Bond Interest - Series 2014 Bonds	-	3,892,088	-	3,892,088
Bond Principal - Series 2014 Bonds	-	1,915,000	-	1,915,000
Capital Projects:				
Capital Outlay	-	-	99,282	99,282
Total Expenditures	<u>732,605</u>	<u>6,362,319</u>	<u>99,283</u>	<u>7,194,207</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(298,003)	(1,654,047)	(99,283)	(2,051,333)
OTHER FINANCING SOURCES				
Developer Advance	167,919	-	89,703	257,622
Total Other Financing Sources	<u>167,919</u>	<u>-</u>	<u>89,703</u>	<u>257,622</u>
NET CHANGE IN FUND BALANCES	(130,084)	(1,654,047)	(9,580)	(1,793,711)
Fund Balances (Deficit) - Beginning of Year	<u>(6,768)</u>	<u>8,738,955</u>	<u>(78,187)</u>	<u>8,654,000</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (136,852)</u>	<u>\$ 7,084,908</u>	<u>\$ (87,767)</u>	<u>\$ 6,860,289</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, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (1,793,711)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	99,282
Depreciation Expense	(2,861,466)

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

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 government funds. Neither transaction, however, has any effect on net position.

Developer Advance	(257,622)
Bond Principal Payment	1,915,000
TIF Fee Retention	480,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

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.

Accrued Bond Interest Payable - Change in Liability	8,378
Accrued Developer Advance Interest Payable - Change in Liability	<u>(75,198)</u>

Changes in Net Position of Governmental Activities \$ (2,485,337)

**FOOTHILLS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 134,852	\$ 134,852	\$ 133,201	\$ (1,651)
FCURA - District Property Taxes	250,642	250,642	248,689	(1,953)
Specific Ownership Taxes	26,985	26,985	24,136	(2,849)
Interest Income	1,500	1,500	270	(1,230)
Other Revenue	15,000	28,000	28,306	306
Total Revenues	<u>428,979</u>	<u>441,979</u>	<u>434,602</u>	<u>(7,377)</u>
EXPENDITURES				
Accounting	44,000	80,000	57,094	22,906
Auditing	7,250	7,300	7,300	-
County Treasurer's Fee	2,697	2,697	2,663	34
TIF Fee Retention	-	54,000	54,000	-
Directors' Fees	3,000	3,000	2,400	600
Dues And Membership	1,000	1,000	800	200
Insurance	25,000	25,000	21,288	3,712
District Management	24,300	24,300	25,235	(935)
PIF Collection	29,000	29,000	24,485	4,515
Legal	51,000	51,000	47,913	3,087
Miscellaneous	1,500	1,500	-	1,500
Collection Fee - URA	3,744	3,850	7,735	(3,885)
Security	110,000	110,000	124,475	(14,475)
Payroll Taxes	230	230	184	46
Election	-	-	41	(41)
Repairs And Maintenance	10,000	35,000	13,071	21,929
Property Management Fee	52,450	52,450	58,791	(6,341)
Landscape Replacement	75,000	35,000	-	35,000
Detention Pond Maintenance	7,000	7,000	-	7,000
Holiday Tree Lights	17,500	24,000	7,000	17,000
Janitorial	58,000	58,000	53,325	4,675
Parking Garage R&M	55,000	55,000	43,289	11,711
Fountain Maintenance	22,000	22,000	16,830	5,170
Landscaping	80,000	80,000	87,186	(7,186)
Snow Removal	60,000	60,000	50,376	9,624
Utilities	30,000	30,000	27,124	2,876
Contingency	2,329	1,673	-	1,673
Total Expenditures	<u>772,000</u>	<u>853,000</u>	<u>732,605</u>	<u>120,395</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(343,021)	(411,021)	(298,003)	113,018
OTHER FINANCING SOURCES (USES)				
Developer Advance	342,000	415,000	167,919	(247,081)
Total Other Financing Sources (Uses)	<u>342,000</u>	<u>415,000</u>	<u>167,919</u>	<u>(247,081)</u>
NET CHANGE IN FUND BALANCE	(1,021)	3,979	(130,084)	(134,063)
Fund Balance (Deficit) - Beginning of Year	16,973	16,973	(6,768)	(23,741)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 15,952</u>	<u>\$ 20,952</u>	<u>\$ (136,852)</u>	<u>\$ (157,804)</u>

See accompanying Notes to Basic Financial Statements.

**FOOTHILLS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024, is 54.720 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, 2024**

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, 2024**

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, 2024. The District incurred expenditures in excess of the appropriations for the year ended December 31, 2024 and is in the process of amending its budget for the debt service fund as required by state law.

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, 2024**

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, 2024**

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, 2024, 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, 2024. The Deficit will be eliminated with the receipt of funds advanced by the developer in 2025.

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, 2024**

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments - Restricted	\$ 6,912,787
Total Cash and Investments	\$ 6,912,787

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

Deposits with Financial Institutions	\$ 3,377
Investments	6,909,410
Total Cash and Investments	\$ 6,912,787

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, 2024, the District's cash deposits had a bank and carrying balance of \$3,377.

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, 2024**

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, 2024, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 6,909,410

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, 2024**

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. The District invested in the CSAFE CASH FUND portfolio during 2024.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 477,742	\$ 99,282	\$ -	\$ 577,024
Total Capital Assets, Not Being Depreciated	477,742	99,282	-	577,024
Capital Assets, Being Depreciated:				
Buildings/Parking Structure/Streets	28,834,336	-	-	28,834,336
Furniture, Fixtures, Amenities	2,737,095	-	-	2,737,095
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 Capital Assets, Being Depreciated	48,036,105	-	-	48,036,105
Less Accumulated Depreciation for:				
Buildings/Parking Structure/Streets	3,717,486	1,456,810	-	5,174,296
Furniture, Fixtures, Amenities	2,737,095	-	-	2,737,095
Landscape/Irrigation	2,418,113	-	-	2,418,113
Utilities	2,327,163	930,865	-	3,258,028
Sidewalks/Pedestrian Crossing	1,585,832	473,791	-	2,059,623
Total Accumulated Depreciation	12,785,689	2,861,466	-	15,647,155
Total Capital Assets, Being Depreciated, Net	35,250,416	(2,861,466)	-	32,388,950
Governmental Activities Capital Assets, Net	\$ 35,728,158	\$ (2,762,184)	\$ -	\$ 32,965,974

Depreciation was expensed to general governmental activities.

**FOOTHILLS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
Special Revenue Bonds					
Series 2014	\$ 65,800,000	\$ -	\$ 1,915,000	\$ 63,885,000	\$ 2,110,000
Subtotal Bonds Payable	65,800,000	-	1,915,000	63,885,000	2,110,000
Other Debts:					
TIF Fee Retention	540,000	60,000	600,000	-	-
Developer Advance - Operating	-	167,919	-	167,919	-
Developer Advance - Capital	809,776	89,703	-	899,479	-
Accrued Interest on:					
Developer Advance - Operating	-	6,793	-	6,793	-
Developer Advance - Capital	461,420	68,405	-	529,825	-
Subtotal Other Debts	1,811,196	392,820	600,000	1,604,016	-
Total Long-Term Obligations	<u>\$ 67,611,196</u>	<u>\$ 392,820</u>	<u>\$ 2,515,000</u>	<u>\$ 65,489,016</u>	<u>\$ 2,110,000</u>

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, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Bond Details (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>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2030-2034	20,980,000	12,922,175	33,902,175
2035-2038	29,775,000	5,091,900	34,866,900
Total	<u>\$ 63,885,000</u>	<u>\$ 35,613,100</u>	<u>\$ 99,498,100</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, 2024, 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 Series 2014 Bonds</u>	<u>Remaining at December 31, 2024</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, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Pursuant to the Service Plan, the District is permitted to issue bonds in an amount necessary to generate not greater than \$53,000,000 in net proceeds. The maximum amount of indebtedness that can be paid on the Bonds is \$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 a Funding and Reimbursement Agreement with MXD Fort Collins, LLC (Developer), for the purpose of funding costs related to operations and maintenance. As of December 31, 2024, outstanding advances under the agreement totaled \$167,919 and accrued interest totaled \$6,793 (see Note 8).

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, 2024, outstanding advances under the agreement totaled \$899,479 and accrued interest totaled \$529,825 (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. As of December 31, 2024 the total amount retained by the Authority is \$600,000 (\$60,000 for each year since 2015). As of April 23, 2025, the Authority will be remitting the \$600,000 to Larimer County and will be retaining and remitting \$60,000 per year, commencing in 2025.

At December 31, 2023, the TIF Fee Retention had a balance of \$540,000 shown as a long-term obligation for The District due to repayment terms still being negotiated. In 2024, the TIF Fee Retention is represented as a current payable as the Authority will be retaining full funds to be reclaimed from current Pledged Property Tax Increment Revenue.

**FOOTHILLS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 32,965,974
Unspent Bond Proceeds	6,294,260
Current Portion of Long-Term Obligations	(1,967,991)
Noncurrent Portion of Long-Term Obligations	<u>(58,456,312)</u>
Net Investment in Capital Assets	<u><u>\$ (21,164,069)</u></u>

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, 2024, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	<u>\$ 13,050</u>
Total Restricted Net Position	<u><u>\$ 13,050</u></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.

**FOOTHILLS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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. 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, the District entered into that Funding and Reimbursement Agreement with MXD Fort Collins, LLC (Developer), as amended by that First Amendment to the 2022 Funding and Reimbursement Agreement dated December 7, 2022, that Second Amendment to the 2022 Funding and Reimbursement Agreement dated December 6, 2023, and that Third Amendment to the 2022 Funding and Reimbursement Agreement dated December 4, 2024 (collectively, the FARA). Under the terms of the FARA, the Developer agrees to advance to the District amounts not to exceed \$625,000 (the Maximum Principal Amount) for costs related to operations and maintenance for fiscal years 2022 – 2025. Upon request of the Developer, the District agreed to issue a Promissory Note to evidence the repayment obligation of existing advances. On December 4, 2024 the District issued a Promissory Note to the Developer, refunding the 2023 Note that includes all outstanding principal and interest on the 2023 note as of December 4, 2024.

The note bears an interest rate of 2% plus the current Federal Reserve Board Prime Rate or 6%, whichever is greater, at 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. During 2024 \$167,919 was drawn under this agreement. The total amount owed under this agreement is \$167,919 and accrued interest of \$6,793 as of December 31, 2024.

**FOOTHILLS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 AGREEMENTS (CONTINUED)

Improvement Acquisition, Advance, and Reimbursement Agreement

On February 21, 2022, the District entered into that certain Improvement Acquisition, Advance and Reimbursement Agreement with MXD Fort Collins, LLC (Developer), as amended by that First Amendment to Improvement Acquisition, Advance and Reimbursement Agreement dated December 7, 2022, that Second Amendment to Improvement Acquisition, Advance and Reimbursement Agreement dated December 6, 2023 and that Third Amendment to the Improvement Acquisition, Advance and Reimbursement Agreement dated December 4, 2024 (collectively the IAARA). Under the terms of the IAARA 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 \$2,900,000 (the Maximum Principal Amount) for fiscal years 2022 – 2025. Upon request of the Developer, the District agrees to issue a Promissory Note to evidence the repayment obligation of existing advances. On December 4, 2024 the District issued a Promissory Note to the Developer, refunding the 2023 Note that includes all outstanding principal and interest on the 2023 note as of December 4, 2024.

The note bears an interest rate of 2% plus the current Federal Reserve Board Prime Rate or 6%, whichever is greater at simple interest and matures on February 20, 2062. 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 2024 \$89,703 was drawn under this agreement. The total amount owed under this agreement is \$899,479 and accrued interest of \$529,825 as of December 31, 2024.

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.

**FOOTHILLS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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.

NOTE 11 ECONOMIC DEPENDENCY

During 2024, The District did not establish a revenue base sufficient to pay operational expenditures. The District was dependent on the developer to advance funds to continue operations in 2024.

SUPPLEMENTARY INFORMATION

**FOOTHILLS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 449,506	\$ 449,506	\$ 444,004	\$ (5,502)
FCURA - District Property Taxes	835,474	835,474	828,963	(6,511)
FCURA - Property Tax Increment	1,055,052	1,400,000	1,383,732	(16,268)
Specific Ownership Taxes	31,465	80,000	80,454	454
Sales Tax Revenue	825,000	825,000	479,363	(345,637)
Public Improvement Fees	1,000,000	1,000,000	1,019,596	19,596
Interest Income	312,179	483,000	472,160	(10,840)
Total Revenues	<u>4,508,676</u>	<u>5,072,980</u>	<u>4,708,272</u>	<u>(364,708)</u>
EXPENDITURES				
County Treasurer's Fee	8,990	8,990	8,876	114
TIF Fee Retention	-	486,000	486,000	-
Collection Fee - URA	28,569	35,000	56,855	(21,855)
Paying Agent Fees	3,500	3,500	3,500	-
Bond Interest - Series 2014 Bonds	3,892,088	3,892,088	3,892,088	-
Bond Principal - Series 2014 Bonds	1,915,000	1,915,000	1,915,000	-
Contingency	11,853	9,422	-	9,422
Total Expenditures	<u>5,860,000</u>	<u>6,350,000</u>	<u>6,362,319</u>	<u>(12,319)</u>
NET CHANGE IN FUND BALANCE	(1,351,324)	(1,277,020)	(1,654,047)	(377,027)
Fund Balance - Beginning of Year	<u>8,542,322</u>	<u>8,542,322</u>	<u>8,738,955</u>	<u>196,633</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,190,998</u>	<u>\$ 7,265,302</u>	<u>\$ 7,084,908</u>	<u>\$ (180,394)</u>

**FOOTHILLS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Miscellaneous	-	-	1	(1)
Capital Outlay	-	250,000	99,282	150,718
Total Expenditures	-	250,000	99,283	150,717
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(250,000)	(99,283)	150,717
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	250,000	89,703	(160,297)
Total Other Financing Sources (Uses)	-	250,000	89,703	(160,297)
NET CHANGE IN FUND BALANCE	-	-	(9,580)	(9,580)
Fund Balance (Deficit) - Beginning of Year	-	-	(78,187)	(78,187)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,767)</u>	<u>\$ (87,767)</u>

OTHER INFORMATION

**FOOTHILLS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2024**

<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	\$72,950,000 Special Revenue Bonds Series 2014 Dated October 9, 2014 Variable Interest Rate 5.25% to 6.00% Payable June 1 and December 1 Principal Due December 1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 63,885,000</u>	<u>\$ 35,613,100</u>	<u>\$ 99,498,100</u>

**FOOTHILLS METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024**

Year Ended December 31,	Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Refunds and Abatements	Levied	Collected	
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
2024	8,214,656	16.416	54.720	0.000	584,358	577,205	98.78
Estimated for Year Ending December 31, 2025	\$ 8,068,190	16.435	54.785	0.000	\$ 574,616		

Note:

Property taxes shown as collected in any one year include collection of property taxes or abatements of property taxes assessed in prior years.

This presentation does not attempt to identify specific years of assessment.