FOREST HILLS METROPOLITAN DISTRICT

Jefferson County, Colorado

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

DECEMBER 31, 2025

FOREST HILLS METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
FOR THE YEAR ENDED DECEMBER 31, 2025

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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

Opinion

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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 the 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 the District's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule for the General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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. 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 District's basic financial statements. The supplementary budget comparisons identified in the table of contents are presented to supplement the basic financial statements and are 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. Other information comprises a ten-year schedule 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 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
August 17, 2026

FOREST HILLS METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 425,485	$ 321,622	$ 747,107
Receivables	702,151	13,958	716,109
Internal Balances	83,307	(83,307)	-
Advances to Other Funds	123,544	-	123,544
Prepaid Items	7,880	8,383	16,263
Capital Assets, net of accumulated depreciation:			
Nondepreciable	61,089	55,857	116,946
Depreciable	1,705,953	2,814,075	4,520,028
Total Assets	3,109,409	3,130,588	6,239,997
LIABILITIES			
Accounts Payable	14,998	44,871	59,869
Deposits	1,000	-	1,000
Accrued Interest Payable	2,642	1,915	4,557
Noncurrent Liabilities:			
Due Within One Year	115,000	25,777	140,777
Due in More Than One Year	1,174,000	564,523	1,738,523
Total Liabilities	1,307,640	637,086	1,944,726
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenues - Grant Revenue	687,808	-	687,808
NET POSITION			
Net Investment in Capital Assets	478,042	2,403,176	2,881,218
Restricted For:			
Emergencies	20,180	-	20,180
Debt Service	33,034		33,034
Capital Improvements	85,006	56,556	141,562
Unrestricted	497,699	33,770	531,469
Total Net Position	$ 1,113,961	$ 2,493,502	$ 3,607,463

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, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ 277,206	$ -	$ 13,201	$ -
Interest and Fiscal Charges on Long-term Debt	34,161	-	-	-
Total Governmental Activities	311,367	-	13,201	-
Business-type Activities				
Water and Sewer Utilities	634,985	634,565	-	-
Interest and Fiscal Charges on Long-term Debt	14,569	-	-	-
Total Business-type Activities	649,554	634,565	-	-
Total Primary Government	$ 960,921	$ 634,565	$ 13,201	$ -

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

FOREST HILLS METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental Activities:			
General Government	$ (264,005)	$ -	$ (264,005)
Interest and Fiscal Charges on Long-term Debt	(34,161)	-	(34,161)
Total Governmental Activities	(298,166)	-	(298,166)
Business-type Activities			
Water and Sewer Utilities	-	(420)	(420)
Interest and Fiscal Charges on Long-term Debt	-	(14,569)	(14,569)
Total Business-type Activities	-	(14,989)	(14,989)
Total Primary Government	(298,166)	(14,989)	(313,155)
General Revenues:			
Property Taxes	603,863	-	603,863
Specific Ownership Taxes	41,079	-	41,079
Unrestricted Investment Earnings	25,473	4,377	29,850
Other Revenue	55	-	55
Transfers	(60,000)	60,000	-
Total General Revenues and Transfers	610,470	64,377	674,847
Increase in Net Position	312,304	49,388	361,692
Net Position - Beginning of Year	801,657	2,444,114	3,245,771
Net Position - End of Year	$ 1,113,961	$ 2,493,502	$ 3,607,463

FOREST HILLS METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Cash and Cash Equivalents	$ 307,981	$ 32,498	$ 85,006	$ 425,485
Taxes Receivable	526,288	164,863	-	691,151
Grants Receivable	11,000	-	-	11,000
Due from Other Funds	82,771	536	-	83,307
Prepaid Items	7,880	-	-	7,880
Advances to Other Funds	123,544	-	-	123,544
Total Assets	$ 1,059,464	$ 197,897	$ 85,006	$ 1,342,367
LIABILITIES AND FUND BALANCES				
Accounts Payable	$ 14,998	$ -	$ -	$ 14,998
Deposits	1,000	-	-	1,000
Total Liabilities	15,998	-	-	15,998
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	522,945	164,863	-	687,808
Total Deferred Inflows of Resources	522,945	164,863	-	687,808
FUND BALANCES				
Nonspendable:				
Prepaid Items	7,880	-	-	7,880
Restricted For:				
TABOR Emergency Reserve	20,510	-	-	20,510
Debt Service	-	33,034	-	33,034
Capital Improvements	-	-	85,006	85,006
Unassigned	492,131	-	-	492,131
Total Fund Balances	520,521	33,034	85,006	638,561
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,059,464	$ 197,897	$ 85,006	$ 1,342,367

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

FOREST HILLS METROPOLITAN DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2025

Total Fund Balances - Governmental Funds	$ 638,561
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	3,961,598
Accumulated Depreciation	(2,194,556)
	1,767,042
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	(1,289,000)
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.	(2,642)
Net Position of Governmental Activities	$ 1,113,961

FOREST HILLS METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Taxes:				
Property	$ 449,335	$ 154,528	$ -	$ 603,863
Specific Ownership	41,079	-	-	41,079
Intergovernmental:				
Fire Mitigation Grant	11,000	-	-	11,000
Lottery Proceeds	2,201	-	-	2,201
Investment Earnings	19,478	4,130	1,865	25,473
Miscellaneous	55	-	-	55
Total Revenues	523,148	158,658	1,865	683,671
Expenditures				
Current:				
General and Administrative Costs	53,673	2,319	-	55,992
Professional Services	15,927	-	-	15,927
Repairs and Maintenance	108,141	-	-	108,141
Capital Outlay	129,510	-	19,069	148,579
Debt Service:				
Principal	-	113,000	-	113,000
Interest	-	34,393	-	34,393
Total Expenditures	307,251	149,712	19,069	476,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	215,897	8,946	(17,204)	207,639
Other Financing Sources (Uses)				
Operating Transfers In	-	-	100,000	100,000
Operating Transfers Out	(160,000)	-	-	(160,000)
Total Other Financing Sources (Uses)	(160,000)	-	100,000	(60,000)
Net Change in Fund Balances	55,897	8,946	82,796	147,639
Fund Balances, Beginning of Year	464,624	24,088	2,210	490,922
Fund Balances, End of Year	$ 520,521	$ 33,034	$ 85,006	$ 638,561

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

FOREST HILLS METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - Total Governmental Funds	$	147,639
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		140,967
Depreciation		(89,534)
		51,433
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		113,000
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.		232
Change in Net Position of Governmental Activities	$	312,304

FOREST HILLS METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 57,948	$ 263,674	$ 321,622
Accounts Receivable	-	13,958	13,958
Prepaid Items	-	8,383	8,383
Total Current Assets	57,948	286,015	343,963
Noncurrent Assets:			
Capital Assets:			
- Construction in Progress	-	55,857	55,857
- Water System	17,906	3,262,090	3,279,996
- Sewer System	24,833	2,988,031	3,012,864
	42,739	6,305,978	6,348,717
Less: Accumulated Depreciation	(2,849)	(3,475,936)	(3,478,785)
Net Capital Assets	39,890	2,830,042	2,869,932
Total Assets	$ 97,838	$ 3,116,057	$ 3,213,895
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ -	$ 44,871	$ 44,871
Due to Other Funds	1,392	81,915	83,307
Accrued Interest Payable	-	1,915	1,915
Current Portion of Direct Borrowings	-	25,777	25,777
Total Current Liabilities	1,392	154,478	155,870
Noncurrent Liabilities:			
Advances from Other Funds	-	123,544	123,544
Direct Borrowings - Drinking Water Revolving Fund Loans	-	440,979	440,979
Total Noncurrent Liabilities	-	564,523	564,523
Total Liabilities	1,392	719,001	720,393
NET POSITION			
Net Investment in Capital Assets	39,890	2,363,286	2,403,176
Restricted for Capital Projects	56,556	-	56,556
Unrestricted	-	33,770	33,770
Total Net Position	$ 96,446	$ 2,397,056	$ 2,493,502

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, 2025

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
Operating Revenues			
Charges for Services:			
- Water Service Use Fee	$ -	$ 44,569	$ 44,569
- Water Service Base Fee	-	189,998	189,998
- Sewer Service Base Fee	-	250,276	250,276
- Capital Fee	-	133,241	133,241
- Availablity of Service Fee	-	960	960
Other Operating Revenue	-	15,521	15,521
Total Operating Revenues	-	634,565	634,565
Operating Expenses			
General and Administrative Costs	-	48,808	48,808
Water and Wastewater Operations	95,186	339,184	434,370
Depreciation	2,849	148,958	151,807
Total Operating Expenses	98,035	536,950	634,985
Operating Income (Loss)	(98,035)	97,615	(420)
Noncapital Subsidies			
Transfers In	-	60,000	60,000
Transfers Out	-	(91,254)	(91,254)
Total Noncapital Subsidies	-	(31,254)	(31,254)
Operating Income (Loss) and Noncapital Subsidies	(98,035)	66,361	(31,674)
Other Nonoperating Revenues (Expenses)			
Investment Earnings	4,377	-	4,377
Interest Expense	-	(14,569)	(14,569)
Transfers In, Restricted for Capital Assets	91,254	-	91,254
Total Other Nonoperating Revenues (Expenses)	95,631	(14,569)	81,062
Change in Net Position	(2,404)	51,792	49,388
Total Net Position, Beginning of Year	98,850	2,345,264	2,444,114
Total Net Position, End of Year	$ 96,446	$ 2,397,056	$ 2,493,502

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, 2025

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
Cash Flows From Operating Activities			
Cash Received From Customers	$ -	$ 608,546	$ 608,546
Cash Payments to Suppliers for Goods and Services	(95,186)	(387,376)	(482,562)
Other Operating Revenues	-	15,521	15,521
Net Cash Provided by (Used in) Operating Activities	(95,186)	236,691	141,505
Cash Flows From Noncapital Financing Activities			
Net Borrowings (To) From Other Funds	23,303	(3,639)	19,664
Transfers In (Out) from Other Funds	91,254	(31,254)	60,000
Net Cash Provided by (Used In) Noncapital Financing Activities	114,557	(34,893)	79,664
Cash Flows From Capital Financing Activities			
Acquisition and Construction of Capital Assets	(42,739)	(78,782)	(121,521)
Interest Paid on Long-term Debt	-	(14,673)	(14,673)
Principal Paid on Long-term Debt	-	(47,650)	(47,650)
Net Cash Used in Capital Financing Activites	(42,739)	(141,105)	(183,844)
Cash Flows From Investing Activites			
Earnings on Investments	4,377	-	4,377
Net Cash Provided by Investing Activites	4,377	-	4,377
Net Increase in Cash and Cash Equivalents	(18,991)	60,693	41,702
Cash and Cash Equivalents, Beginning of Year	76,939	202,981	279,920
Cash and Cash Equivalents, End of Year	$ 57,948	$ 263,674	$ 321,622

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, 2025

	Nonmajor Infrastructure Repair / Replacement Fund	Water and Sewer Utility Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITES			
Operating Income (Loss)	$ (98,035)	$ 97,615	$ (420)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	2,849	148,958	151,807
Change in Assets and Liabilities:			
Increase in Accounts Receivable	-	(10,498)	(10,498)
Increase In Prepaid Expenses	-	(1,135)	(1,135)
Increase in Accounts Payable	-	1,751	1,751
Total Adjustments	2,849	139,076	141,925
Net Cash Provided by Operating Activities	$ (95,186)	$ 236,691	$ 141,505

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 are property taxes, water service charges, and sewer service 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.

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.

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.

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.

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

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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Property Taxes

The District's Board of Directors levies property taxes. 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.

Note 2. Deposits and Investments

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	$ 747,107
Total	$ 747,107

Cash and investments as of December 31, 2025 consist of the following:

Deposits With Financial Institutions	$ 295,009
Deposits With Local Government Investment Pools	452,098
Total	$ 747,107

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 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, 2025, the District had $452,098 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 15th, the District Manager submits to the Board of Directors a proposed budget for the calendar year commencing the following January 1st. 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. The Board of Directors holds a public hearing and must adopt the budget by resolution before certifying its mill levy to the Jefferson County Commissioners by the statutory deadline of December 15. The District The Board of Directors must also enact a resolution to appropriate funds for the ensuing year. Expenditures may not legally exceed budgeted appropriations at the fund level.

Once adopted, the Board may at any time, by resolution, amend the budget. The Board of Directors is authorized to transfer budgeted amounts between line items. Expenditures may not legally exceed budgeted appropriations at the fund level. The Board of Directors must approve any amendments that increase total expenditures in a supplemental appropriation. There was one supplemental budget amendment in 2025.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Erosion System	$ 61,089	$ -	$ -	$ 61,089
Construction in Progress	79,256	127,849	(207,105)	-
Total Capital Assets, Not Being Depreciated	140,345	127,849	(207,105)	61,089
Capital Assets, Being Depreciated				
Streets	3,059,397	13,119	-	3,072,516
Landscaping / Fire Mitigation	208,749	96,267	-	305,016
Recreation	412,140	110,837	-	522,977
Total Capital Assets Being Depreciated	3,680,286	220,223	-	3,900,509
Less: Accumulated Depreciation				
Streets	(1,781,144)	(57,790)	-	(1,838,934)
Landscaping / Fire Mitigation	(76,706)	(12,201)	-	(88,907)
Recreation	(247,172)	(19,543)	-	(266,715)
Total Accumulated Depreciation	(2,105,022)	(89,534)	-	(2,194,556)
Total Capital Assets Being Depreciated, Net	1,575,264	130,689	-	1,705,953
Governmental Activities Capital Assets, Net	$ 1,715,609	$ 258,538	$ (207,105)	$ 1,767,042
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ -	$ 55,857	$ -	$ 55,857
Total Capital Assets, Not Being Depreciated	-	55,857	-	55,857
Capital Assets, Being Depreciated:				
Water System	3,249,491	30,505	-	3,279,996
Sewer System	2,977,706	35,158	-	3,012,864
Total Capital Assets Being Depreciated	6,227,197	65,663	-	6,292,860
Less: Accumulated Depreciation:				
Water System	(1,828,137)	(83,862)	-	(1,911,819)
Sewer System	(1,498,841)	(68,125)	-	(1,566,966)
Total Accumulated Depreciation	(3,326,978)	(151,807)	-	(3,478,785)
Total Capital Assets Being Depreciated, Net	2,900,219	(86,144)	-	2,814,075
Business-type Activities Capital Assets, Net	$ 2,900,219	$ (30,287)	$ -	$ 2,869,932

Depreciation expense charged to the general government and utility functions of the District in the Statement of Activities for the year ended December 31, 2025 was $89,534 and $151,807, respectfully.

Note 5. Long-term Debt

Governmental Activities

Tax Free Refunding Loan, Series 2020A. On December 11, 2020, the District entered into a direct borrowing loan agreement with BOK Financial for a $1,045,000 Tax Free Refunding Loan, Series 2020A to current refund the outstanding Series 2009 General Obligation Refunding Bonds. The Series 2020A loan carries an interest rate of 2.46% with interest payable on June 1st and December 1st and principal payable on December 1st. The loan matures on December 1, 2035. The loan 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 entered into a direct borrowing loan agreement with BOK Financial for a $783,000 Taxable Loan, Series 2020B for the purpose of funding additional public improvements in the District and for costs of issuance associated with the Loan. The Series 2020B loan carries an interest rate of 2.46% with interest payable on June 1st and December 1st and principal payable on December 1st. The loan matures on December 1, 2028. The loan 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.

Loans outstanding at December 31, 2025 are as follows:

Purpose	Interest Rates	Amounts
General Government – Refunding Loan	2.46%	$1,045,000
General Government – Public Improvements	2.46%	244,000
		$1,289,000

Annual debt service requirements to maturity for loans outstanding at December 31, 2025, are as follows:

Year Ending December 31	Governmental Activities Principal	Interest
2026	$ 115,000	$ 31,709
2027	118,000	28,880
2028	121,000	25,978
2029	124,000	23,001
2030	127,000	19,951
2031-2035	684,000	51,340
Total	$ 1,289,000	$ 180,859

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, 2025 are as follows:

Purpose	Interest Rates	Amounts
Business-type - Utilities	2.50%	$ 395,844
Business-type - Utilities	2.25%	70,912
		$ 466,756

Annual debt service requirements to maturity for direct borrowings outstanding at December 31, 2025, are as follows:

Year Ending December 31	Business-type Activities Principal	Interest
2026	$ 25,777	$ 11,334
2027	26,416	10,695
2028	27,071	10,040
2029	27,742	9,369
2030	28,430	8,681
2031-2035	153,081	32,474
2036-2040	173,025	12,530
2041	5,214	88
Total	$ 466,756	$ 95,211

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, 2025
2021 Interfund Loan for Fluidyne Equipment	Water and Sewer Utility Fund	General Fund	$ 65,000	$ 38,311
2022 Interfund Loan for Smart Meters	Water and Sewer Utility Fund	General Fund	45,000	36,528
2023 Interfund Loan for Mainline Repair	Water and Sewer Utility Fund	General Fund	60,000	48,705
				$ 123,544

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, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 1,402,000	$ -	$ 113,000	$ 1,289,000	$ 115,000
Total Governmental Activity Long-term Liabilities	$ 1,402,000	$ -	$ 113,000	$ 1,289,000	$ 115,000
Business-type Activities:					
Loans Payable	$ 491,910	$ -	$ 25,154	$ 466,756	$ 25,777
Advances from Other Funds	146,041	-	22,497	123,544	-
Total Business-type Activity Long-term Liabilities	$ 637,951	$ -	$ 47,651	$ 590,300	$ 25,777

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.

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, 2025, totaled $20,510.

Note 10. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through August 17, 2026, the date the financial statements were available to be issued, in accordance with GASB Statement No. 105, Subsequent Events.

Management has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

FOREST HILLS METROPOLITAN DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

Budgetary Information
The District follows the requirements of the Colorado Local Government Budget Law in establishing the budgetary data reflected in the financial statements. The Board of Directors adopts an annual budget for the General Fund prior to December 31 of the preceding year. The budget includes estimated expenditures and the means of financing them. A public hearing is held prior to adoption of the budget, and the budget is legally enacted by resolution. Appropriations are adopted at the fund level. The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in the governmental fund financial statements.

Budget Amendments
During the year ended December 31, 2025, no amendments to the original appropriations were made. Accordingly, the original and final budgets are identical.

Explanation of Variances – Original Budget to Final Budget
There were no differences between the original and final budgets for the year ended December 31, 2025.

Explanation of Variances – Final Budget to Actual
Actual revenues were slightly higher than estimated revenues due to specific ownership tax revenues stronger than anticipated. Professional services were $20,073 under budget due to lower than anticipated legal and engineering costs. Capital outlay costs were $18,976 under budget due to lower than anticipated capital outlay project osts.

TABOR Emergency Reserve
Under the Colorado Taxpayer's Bill of Rights, the District is required to maintain an emergency reserve equal to 3% of fiscal year spending, excluding bonded debt service.

REQUIRED SUPPLEMENTARY INFORMATION

FOREST HILLS METROPOLITAN DISTRICT

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original & Final	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget - Over (Under) Actual Amounts
Budgetary Revenues			
Taxes:			
General Property Taxes	$ 450,837	$ 449,335	$ (1,502)
Specific Ownership Taxes	20,000	41,079	21,079
Intergovernmental:			
Fire Mitigation Grant	11,500	11,000	(500)
Lottery Proceeds	2,000	2,201	201
Investment Earnings	15,000	19,478	4,478
Other Revenue	-	55	55
Total Budgetary Revenues	499,337	523,148	23,811
Budgetary Expenditures			
Current:			
General and Administrative:	49,726	53,673	3,947
Professional Services	36,000	15,927	(20,073)
Reparis and Maintenance	115,000	108,141	(6,859)
Capital Outlay	148,486	129,510	(18,976)
Total Budgetary Expenditures	349,212	307,251	(41,961)
Budgetary Excess of Revenues Over Expenditures	150,125	215,897	65,772
Budgetary Other Financing Sources (Uses)			
Operating Transfers In	25,211	-	(25,211)
Operating Transfers Out	(165,000)	(160,000)	5,000
Total Budgetary Other Financing Sources (Uses)	(139,789)	(160,000)	(20,211)
Net Change in Fund Balances	10,336	55,897	45,561
Budgetary Fund Balance, Beginning of Year	201,163	464,624	263,461
Budgetary Fund Balance, End of year	$ 211,499	$ 520,521	$ 309,022
Reconciliation to GAAP Basis			
Total Fund Balance - GAAP Basis		$ 520,521	

SUPPLEMENTARY INFORMATION

FOREST HILLS METROPOLITAN DISTRICT

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes:			
General Property Taxes	$ 155,042	$ 154,528	$ (514)
Investment Earnings	500	4,130	3,630
Total Revenues	155,542	158,658	3,116
Expenditures			
Current:			
General and Administrative	2,500	2,319	181
Debt Service:			
Bond Principal	113,000	113,000	-
Bond Interest	34,489	34,393	96
Total Expenditures	149,989	149,712	277
Net Change in Fund Balance	5,553	8,946	3,393
Fund Balance, Beginning of Year	21,961	24,088	2,127
Fund Balance, End of year	$ 27,514	$ 33,034	$ 5,520

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, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment Earnings	$ 2,000	$ 1,865	$ (135)
Total Revenues	2,000	1,865	(135)
Expenditures			
Capital Outlay	58,045	19,069	38,976
Total Expenditures	58,045	19,069	38,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,045)	(17,204)	38,841
Other Financing Sources (Uses)			
Operating Transfers In	100,000	100,000	-
Net Change in Fund Balance	43,955	82,796	38,841
Fund Balance, Beginning of Year	30,642	2,210	11,156
Fund Balance, End of year	$ 74,597	$ 85,006	$ 49,997

FOREST HILLS METROPOLITAN DISTRICT

INFRASTRUCTURE REPAIR / REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Investment Earnings	$ 500	$ 500	$ 4,377	$ 3,877
Total Revenues	500	500	4,377	3,877
Expenditures				
Capital Outlay	131,000	161,186	137,925	23,261
Total Expenditures	131,000	161,186	137,925	23,261
Excess (Deficiency) of Revenues Over (Under) Expenditures	(130,500)	(160,686)	(133,548)	27,138
Other Financing Sources (Uses)				
Operating Transfers In	93,240	93,240	91,254	(1,986)
Net Change in Fund Balance	(37,260)	(67,446)	(42,294)	25,152
Fund Balance, Beginning of Year	67,499	-	98,850	98,850
Fund Balance, End of year	$ 30,239	$ (67,446)	$ 56,556	$ 124,002

Fund Balance at December 31, 2025, is computed as follows:

Current Assets	$ 57,948
Less: Current Liabilities	(1,392)
Fund Balance - December 31, 2025	$ 56,556

FOREST HILLS METROPOLITAN DISTRICT

INFRASTRUCTURE REPAIR / REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual Amounts
RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS) TO CHANGE IN NET POSITION (GAAP BASIS)	
Net Change in Fund Balances (Budgetary Basis)	$ (42,294)
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	42,739
Depreciation	(2,849)
Total Adjustments	39,890
Change in Net Position (GAAP Basis)	$ (2,404)

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, 2025

	Budget Original and Final	Actual Amounts	Variance Positive (Negative)
Revenues			
Charges for Service:			
Water Service Use Fee	24,346	44,569	20,223
Water Service Base Fee	189,943	189,998	55
Sewer Service Base Fee	250,203	250,276	73
Capital Fee	133,200	133,241	41
Availability of Service Fee	-	960	960
Intergovernmental:			
Operating Grants	115,000	-	(115,000)
Other Operating Revenue	5,000	15,521	10,521
Total Revenues	717,692	634,565	(83,127)
Expenditures			
Current:			
General and Administrative Costs	50,546	48,808	1,738
Water and Wastewater Operations	579,930	339,184	240,746
Capital Outlay	-	78,782	(78,782)
Debt Service:			
Interest	12,800	14,569	(1,769)
Principal	24,545	25,154	(609)
Total Expenditures	667,821	506,497	161,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,871	128,068	78,197
Other Financing Sources (Uses)			
Operating Transfers In	-	60,000	60,000
Operating Transfers Out	(118,451)	(91,254)	27,197
Total Other Financing Sources (Uses)	(118,451)	(31,254)	87,197
Net Change in Fund Balance	(68,580)	96,814	105,394
Fund Balance, Beginning of Year	218,764	(63,044)	(281,808)
Fund Balance, End of year	$ 150,184	$ 33,770	$ (176,414)

Fund Balance at December 31, 2025, is computed as follows:

Current Assets	$ 286,015
Less: Current Liabilities	(154,478)
Less: Advances from Other Funds	(123,544)
Add: Current Portion of Loans Payable	25,777
Fund Balance - December 31, 2025	$ 33,770

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, 2025

	Actual Amounts
RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS) TO CHANGE IN NET POSITION (GAAP BASIS)	
Net Change in Fund Balances (Budgetary Basis)	$ 96,814
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	78,782
Principal Paid on Loans and Advances	25,154
Depreciation	(148,958)
Total Adjustments	(45,022)
Change in Net Position (GAAP Basis)	$ 51,792

OTHER INFORMATION

FOREST HILLS METROPOLITAN DISTRICT

TEN YEAR SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAX COLLECTIONS
DECEMBER 31, 2025

Levy Year	Collection Year	Assessed Value	Mill Rate Levied	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	603,863	99.67%
2025	2026	14,322,173	48.092	688,782	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.