

**HUDSON HILLS METROPOLITAN DISTRICT  
WELD COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**HUDSON HILLS METROPOLITAN DISTRICT  
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Board of Directors  
Hudson Hills Metropolitan District  
Weld County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Hudson Hills 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Hudson Hills Metropolitan District as of December 31, 2024, and the respective changes in financial position 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 (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

## Other Matters

### Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

### Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our 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, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Wipfli LLP*

Wipfli LLP  
Denver, Colorado

July 29, 2025

## **BASIC FINANCIAL STATEMENTS**

**HUDSON HILLS METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 17,238
Cash and Investments - Restricted	69,465
Prepaid Insurance	2,771
Receivable from County Treasurer	382
Property Tax Receivable	126,109
Total Assets	215,965
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost of Refunding, Net	7,440
Total Deferred Outflows of Resources	7,440
<b>LIABILITIES</b>	
Accounts Payable	5,682
Accrued Interest	6,442
Noncurrent Liabilities:	
Due Within One Year	17,000
Due in More Than One Year	1,821,839
Total Liabilities	1,850,963
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	126,109
Total Deferred Inflows of Resources	126,109
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserve	1,300
Debt Service	61,985
Unrestricted	(1,816,952)
Total Net Position	\$ (1,753,667)

See accompanying Notes to Basic Financial Statements.

**HUDSON HILLS 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 and Related Costs	\$ 34,808	\$ -	\$ -	\$ -	\$ (34,808)
	89,131	-	-	-	(89,131)
	\$ 123,939	\$ -	\$ -	\$ -	(123,939)
 <b>GENERAL REVENUES</b>					
Property Taxes					128,474
Specific Ownership Taxes					4,651
Interest Income					189
Other Revenue					15,844
Total General Revenues					149,158
 <b>CHANGES IN NET POSITION</b>					
					25,219
Net Position - Beginning of Year					(1,778,886)
 <b>NET POSITION - END OF YEAR</b>					
					\$ (1,753,667)

See accompanying Notes to Basic Financial Statements.

**HUDSON HILLS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 17,238	\$ -	\$ 17,238
Cash and Investments - Restricted	1,300	68,165	69,465
Receivable from County Treasurer	120	262	382
Prepaid Insurance	2,771	-	2,771
Property Tax Receivable	40,000	86,109	126,109
Total Assets	<u>\$ 61,429</u>	<u>\$ 154,536</u>	<u>\$ 215,965</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 5,682	\$ -	\$ 5,682
Total Liabilities	5,682	-	5,682
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax	40,000	86,109	126,109
Total Deferred Inflows of Resources	40,000	86,109	126,109
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Expense	2,771	-	2,771
Restricted for:			
Emergency Reserves	1,300	-	1,300
Debt Service	-	68,427	68,427
Unassigned	11,676	-	11,676
Total Fund Balances	15,747	68,427	84,174
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 61,429</u>	<u>\$ 154,536</u>	

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

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

Cost of Refunding, Net 7,440

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest (6,442)  
Loans Payable (1,317,000)  
Developer Advance Payable (521,839)

Net Position of Governmental Activities \$ (1,753,667)

See accompanying Notes to Basic Financial Statements.

**HUDSON HILLS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2024**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 39,999	\$ 88,475	\$ 128,474
Specific Ownership Taxes	1,448	3,203	4,651
Interest Income	59	130	189
Other Revenue	1,695	14,149	15,844
Total Revenues	43,201	105,957	149,158
<b>EXPENDITURES</b>			
Current:			
Accounting	18,000	-	18,000
Auditing	6,500	-	6,500
County Treasurer's Fee	609	1,347	1,956
Dues and Membership	282	-	282
Insurance	2,671	-	2,671
Legal	6,572	-	6,572
Miscellaneous	174	-	174
Loan Principal	-	10,000	10,000
Loan Interest	-	84,386	84,386
Total Expenditures	34,808	95,733	130,541
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	8,393	10,224	18,617
<b>NET CHANGE IN FUND BALANCES</b>	8,393	10,224	18,617
Fund Balances - Beginning of Year	7,354	58,203	65,557
<b>FUND BALANCES - END OF YEAR</b>	\$ 15,747	\$ 68,427	\$ 84,174

See accompanying Notes to Basic Financial Statements.

**HUDSON HILLS 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	\$	18,617
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Amounts reported for governmental activities in the statement of activities are different because:

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.

Loan Principal		10,000
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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 Interest Payable - Change in Liability		7,622
Accrued Interest Payable Developer Advance - Change in Liability		(10,600)
Amortization of Cost of Bond Refunding		(420)
		(420)

Changes in Net Position of Governmental Activities	\$	25,219
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**HUDSON HILLS METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 39,999	\$ 39,999	\$ -
Specific Ownership Taxes	1,600	1,448	(152)
Interest Income	-	59	59
Other Revenue	-	1,695	1,695
Total Revenues	<u>41,599</u>	<u>43,201</u>	<u>1,602</u>
<b>EXPENDITURES</b>			
Accounting	18,000	18,000	-
Auditing	5,200	6,500	(1,300)
County Treasurer's Fee	600	609	(9)
Dues and Membership	400	282	118
Insurance	2,650	2,671	(21)
Legal	8,500	6,572	1,928
Miscellaneous	2,481	174	2,307
Total Expenditures	<u>37,831</u>	<u>34,808</u>	<u>3,023</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,768	8,393	4,625
Fund Balance - Beginning of Year	<u>15,980</u>	<u>7,354</u>	<u>(8,626)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 19,748</u></u>	<u><u>\$ 15,747</u></u>	<u><u>\$ (4,001)</u></u>

See accompanying Notes to Basic Financial Statements.

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

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Hudson Hills Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Weld County on May 14, 2004 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Hudson on March 5, 2004. The District's service area is located entirely within the Town of Hudson, Weld County, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements, including streets and safety controls, water, storm and sanitary sewer, and park and recreation facilities, primarily for single family residential development within the District.

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

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

**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.

**HUDSON HILLS 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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 obligation debt of the governmental funds.

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

**HUDSON HILLS 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.

**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.

**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 Outflows of Resources**

In addition to assets, the statement on net position reports a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

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

**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.

**Amortization**

**Cost of Refunding**

In the government-wide financial statements, the deferred cost of refunding is being amortized using the interest method over the life of the refunding loan. The amortization amount is a component of interest expense, and the unamortized deferred cost is reflected as a deferred outflow of resources.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District'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.

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

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

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**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	\$ 17,238
Cash and Investments - Restricted	69,465
Total Cash and Investments	\$ 86,703

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

Deposits with Financial Institutions	\$ 86,703
Total Cash and Investments	\$ 86,703

**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 \$86,703.

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

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

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those 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.

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 no investments.

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

**NOTE 4 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
<b>Governmental Activities</b>					
Series 2023 Refunding Loan	\$ 1,327,000	\$ -	\$ 10,000	\$ 1,317,000	\$ 17,000
Subtotal Loan	1,327,000	-	10,000	1,317,000	17,000
Other Debts:					
Developer Advance - Operating	151,435	-	-	151,435	-
Accrued Interest on:					
Developer Advance - Operating	74,600	10,600	-	85,200	-
Developer Advance - Capital	285,204	-	-	285,204	-
Subtotal Other Debts	511,239	10,600	-	521,839	-
Total Long-Term Obligations	\$ 1,838,239	\$ 10,600	\$ 10,000	\$ 1,838,839	\$ 17,000

The details of the District’s general obligation bonds outstanding are as follows:

**2023 Loan Detail**

The District entered into a Loan Agreement, with NBH Bank (the Lender) dated November 1, 2023, in the amount of \$1,327,000 (the 2023 Loan). The District issued a Promissory Note to the Lender evidencing the 2023 Loan. Proceeds of the 2023 Loan were used for the purpose of refunding the 2019 Bonds and paying the costs of issuance of the 2023 Loan.

**2023 Loan Details**

The 2023 Loan bears interest at the Tax-Exempt Fixed Rate of 5.87% per annum payable semi-annually on June 1 and December 1, beginning on June 1, 2024. Principal payments on the 2023 Loan are due annually on each December 1, beginning on December 1, 2024. The 2023 Loan matures on December 1, 2042. Interest not paid when due shall not compound or bear additional interest.

The 2023 Loan is not subject to early termination or acceleration and does not have any unused lines of credit. No assets have been pledged as collateral on the 2023 Loan. Collateral is defined in the 2023 Loan as the Pledged Revenue and all amounts from time to time credited to the Revenue Fund.

**Events of Default**

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the 2023 Loan and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the 2023 Loan. Acceleration of the 2023 Loan shall not be an available remedy for an Event of Default.

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

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Optional Prepayment of the 2023 Loan**

The District may, at its option, prepay the 2023 Loan in whole or in part, in minimum increments of \$100,000, on any Interest Payment Date, at a redemption price equal to 100.00% of the principal amount of the redeemed loan, plus accrued interest thereon to the redemption date, plus administrative fees, if any, plus a make-whole fee (the "Premium"), if any, equal to the present value of the difference between (i) the total amount of interest based on the Original Interest Rate Swap Rate which would have accrued on the prepaid amount had such event not occurred and (ii) the amount of interest based on the Current Interest Rate Swap Rate which would have accrued on the prepaid amount had such event not occurred, both (i) and (ii) discounted at the then "Current Interest Rate Swap Rate", as determined by the Lender. The Premium shall not exceed 3.00% of the outstanding principal amount of the 2023 loan in accordance with State Law.

**Pledged Revenue**

The 2023 Loan is secured by and payable solely from and to the extent of Pledged Revenue derived by the District from the following sources, after payment of any costs of collections: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy; and (c) any other legally available moneys which the Board determines in its sole discretion to apply as Pledged Revenue.

**Required Mill Levy**

Prior to the time when the Debt to Assessed Ratio is 50% or less, the Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Debt Requirements for the next Fiscal Year, but not in excess of 50.000 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2004). Once the Debt to Assessed Ratio is 50.00% or less, the Required Mill Levy is a mill levy that will generate property tax revenues of not less than the Debt Requirements for the next Fiscal Year, but not in excess of 99.000 mills.

The outstanding principal and interest of the 2023 Series Loan are due as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 17,000	\$ 77,308	\$ 94,308
2026	20,000	76,310	96,310
2027	21,000	75,136	96,136
2028	24,000	73,903	97,903
2029	25,000	72,495	97,495
2030 - 2034	169,000	336,939	505,939
2035 - 2039	249,000	278,472	527,472
2040 - 2042	792,000	128,200	920,200
Total	<u>\$ 1,317,000</u>	<u>\$ 1,118,763</u>	<u>\$ 2,435,763</u>

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

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 7, 2017, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$93,100,000 at an interest rate not to exceed 18.00% per annum. At December 31, 2024 the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 7, 2017	Authorization Used		Authorized But Unused
		2019 Bonds	2023 Loan	
Water	\$ 10,940,000	\$ 403,930	\$ -	\$ 10,536,070
Street	11,180,000	52,120	-	11,127,880
Safety Protection	6,500,000	-	-	6,500,000
Security	6,500,000	-	-	6,500,000
Park and Recreation	10,840,000	39,090	-	10,800,910
Sanitation	11,040,000	807,590	-	10,232,410
O&M Debt	10,600,000	-	-	10,600,000
Public Transportation	6,500,000	-	-	6,500,000
IGA Debt	6,500,000	-	-	6,500,000
Debt Refunding	12,500,000	-	1,327,000	11,173,000
Total	\$ 93,100,000	\$ 1,302,730	\$ 1,327,000	\$ 90,470,270

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$2,000,000.

**NOTE 5 AGREEMENTS**

**Advance and Reimbursement Agreement**

On June 23, 2004 and as amended on May 20, 2020, the District entered into an Advance and Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) and capital infrastructure costs. The District agreed to repay the Developer for such O&M and capital advances plus accrued interest at the rate of 7.00%. As of December 31, 2024, outstanding O&M advances and accrued O&M interest totaled \$151,435 and \$85,200, respectively. As of December 31, 2024, outstanding capital advances and accrued interest under the agreement totaled \$-0- and \$285,204, respectively. The agreement shall continue until fully performed or terminated by the mutual agreement of the District and the Developer.

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

**NOTE 6 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets 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	\$ 1,300
Debt Service Reserve	61,985
Total Restricted Net Position	\$ 63,285

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds and loan issued for public improvements conveyed to other governmental entities.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Carlson Associates. The majority of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**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 (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 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.

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

**NOTE 9 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.

On May 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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.

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.

## **SUPPLEMENTARY INFORMATION**

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 88,475	\$ 88,475	\$ -
Specific Ownership Taxes	3,539	3,203	(336)
Interest Income	5,000	130	(4,870)
Other Revenue	-	14,149	14,149
Total Revenues	<u>97,014</u>	<u>105,957</u>	<u>8,943</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	1,327	1,347	(20)
Loan Principal	10,000	10,000	-
Loan Interest	84,386	84,386	-
Contingency	1,000	-	1,000
Total Expenditures	<u>96,713</u>	<u>95,733</u>	<u>980</u>
<b>NET CHANGE IN FUND BALANCE</b>	301	10,224	9,923
Fund Balance - Beginning of Year	<u>-</u>	<u>58,203</u>	<u>58,203</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 301</u>	<u>\$ 68,427</u>	<u>\$ 68,126</u>

## OTHER INFORMATION

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

Year Ended <u>December 31,</u>	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2019/2020	\$ 1,440,570	0.0%	11.132	55.663	66.795	\$ 96,222	\$ 96,223	100.00 %
2020/2021	1,683,590	16.9%	11.132	55.664	66.796	112,456	112,304	99.86 %
2021/2022	1,867,910	10.9%	11.132	55.664	66.796	124,768	124,769	100.00 %
2022/2023	1,836,000	-1.7%	21.441	57.036	78.477	144,083	144,084	100.00 %
2023/2024	2,157,920	17.5%	18.536	41.000	59.536	128,474	128,474	100.00 %
Estimated for Year Ending December 31, 2025	\$ 2,152,730	-0.2%	18.581	40.000	58.581	\$ 126,109		

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Weld County Assessor and Treasurer.

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

**General Obligation Refunding & Improvements Loan  
Series 2023, Dated November 1, 2023  
\$1,327,000**

<b>Year Ending December 31,</b>	<b>Interest Payable June 1 and December 1 Principal Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 17,000	\$ 77,308	\$ 94,308
2026	20,000	76,310	96,310
2027	21,000	75,136	96,136
2028	24,000	73,903	97,903
2029	25,000	72,495	97,495
2030	29,000	71,027	100,027
2031	30,000	69,325	99,325
2032	34,000	67,564	101,564
2033	36,000	65,568	101,568
2034	40,000	63,455	103,455
2035	42,000	61,107	103,107
2036	47,000	58,641	105,641
2037	49,000	55,882	104,882
2038	54,000	53,006	107,006
2039	57,000	49,836	106,836
2040	63,000	46,490	109,490
2041	66,000	42,792	108,792
2042	663,000	38,918	701,918
	<u>\$ 1,317,000</u>	<u>\$ 1,118,763</u>	<u>\$ 2,435,763</u>