

HOGBACK METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

December 31, 2023

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hogback Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Hogback Metropolitan District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Hogback Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Hogback Metropolitan District as of December 31, 2023, 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. 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 Hogback Metropolitan 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 opinion.

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; this includes 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 Hogback Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 opinion. 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, including omissions, 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.

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In performing an audit in accordance with generally accepted auditing standards, 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 of 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 Hogback Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hogback Metropolitan 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.

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hogback Metropolitan District's financial statements as a whole. The other supplementary information which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Capital Projects Fund, and the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Debt Service Fund, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Fort Collins, Colorado
April 22, 2024

Basic Financial Statements

**Hogback Metropolitan District
Statement of Net Position
December 31, 2023**

Assets

Current Assets

Cash and cash equivalents - unrestricted	\$ 60,653
Cash and cash equivalents - restricted	18,880,839
Cash at County Treasurer	1,971
Property taxes receivable	308,854
Prepaid expenses	2,907
Total Current Assets	19,255,224

Noncurrent Assets

Capital assets	
Nondepreciable	4,723,741
Net Capital Assets	4,723,741
Total Assets	23,978,965

Current Liabilities

Accounts payable	779,804
Accrued interest	96,229
Total Current Liabilities	876,033

Long-Term Liabilities

Bonds payable	24,067,754
Accrued interest - developer payable	7,530
Developer advance payable	75,000
Total Long-Term Liabilities	24,150,284
Total Liabilities	25,026,317

Deferred Inflows of Resources

Deferred property tax revenue	308,854
Total Deferred Inflows of Resources	308,854

Net Position

Restricted for debt service and capital	18,114,285
Restricted for emergencies	1,741
Unrestricted	(19,472,232)
Total Net Position	\$ (1,356,206)

The accompanying notes are an integral part of these financial statements

**Hogback Metropolitan District
Statement of Activities
For the Year Ended December 31, 2023**

Governmental Activities	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Governmental Activities
General government	\$ 223,064	\$ -	\$ -	\$ (223,064)
Interest and related costs on long-term debt	1,115,746	-	-	(1,115,746)
Total Governmental Activities	\$ 1,338,810	\$ -	\$ -	\$ (1,338,810)
General Revenues				
Property taxes				444,044
Specific ownership taxes				31,779
Interest income				1,151,091
Total Revenues				1,626,914
Change in Net Position				288,104
Net Position - Beginning of Year				(1,644,310)
Net Position - End of Year				\$ (1,356,206)

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

**Hogback Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2023**

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 60,653	\$ -	\$ -	\$ 60,653
Cash and cash equivalents - restricted	-	15,541,634	3,339,205	18,880,839
Cash at County Treasurer	328	-	1,643	1,971
Property taxes receivable	51,475	-	257,379	308,854
Prepaid expenses	2,907	-	-	2,907
Due from other funds	56,695	-	2,337	59,032
Total Assets	172,058	15,541,634	3,600,564	19,314,256
Liabilities				
Current Liabilities				
Accounts payable	68,302	711,502	-	779,804
Due to other funds	-	59,032	-	59,032
Total Liabilities	68,302	770,534	-	838,836
Deferred Inflows of Resources				
Deferred property tax revenue	51,475	-	257,379	308,854
Total Deferred Inflows of Resources	51,475	-	257,379	308,854
Equity				
Fund Balance				
Nonspendable	2,907	-	-	2,907
Restricted	1,741	14,771,100	3,343,185	18,116,026
Unassigned	47,633	-	-	47,633
Total Fund Balance	52,281	14,771,100	3,343,185	18,166,566
Total Liabilities, Equity and Deferred Inflows of Resources	\$ 172,058	\$ 15,541,634	\$ 3,600,564	\$ 19,314,256

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance	\$ 18,166,566
Amounts reported for governmental funds in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	4,723,741
Accrued interest on long-term debt does not require current financial resources therefore is not reported in the fund statements.	(103,759)
Long-term liabilities, including bonds payable and the premium on the bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements.	(24,142,754)
Total Net Position	\$ (1,356,206)

Hogback Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Property taxes	\$ 74,007	\$ -	\$ 370,037	\$ 444,044
Specific ownership taxes	5,296	-	26,483	31,779
Interest income	3,634	948,106	199,351	1,151,091
Total Revenue	82,937	948,106	595,871	1,626,914
Expenditures				
Operations				
Accounting	23,933	8,039	-	31,972
Audit	6,750	-	-	6,750
Legal	19,637	18,436	-	38,073
Election	1,027	-	-	1,027
Engineering	-	74,001	-	74,001
Insurance	4,029	-	-	4,029
Supplies and other	596	-	-	596
County Treasurer fees	1,110	-	5,551	6,661
Other	960	-	-	960
Trustee fees	-	45,423	13,572	58,995
Capital outlay	-	4,668,702	-	4,668,702
Debt service				
Bond interest expense	-	-	1,154,750	1,154,750
Principal on developer advances	-	-	-	-
Total Expenditures	58,042	4,814,601	1,173,873	6,046,516
Net Change in Fund Balance	24,895	(3,866,495)	(578,002)	(4,419,602)
Fund Balance, Beginning of Year	27,386	18,637,595	3,921,187	22,586,168
Fund Balance, End of Year	\$ 52,281	\$ 14,771,100	\$ 3,343,185	\$ 18,166,566
 Total Change in Fund Balance Governmental Fund				 \$ (4,419,602)
Capital outlay to purchase or build capital assets is reported in governmental funds as an expenditure. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives.				4,668,702
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported in the fund statements.				
Accrued interest				(5,250)
Bond premium amortization				44,254
Change in Net Position of Governmental Activities				\$ 288,104

The accompanying notes are an integral part of these financial statements

Hogback Metropolitan District
Statement of Revenue and Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 74,007	\$ 74,007	\$ -
Specific ownership taxes	4,441	5,296	855
Interest and other income	-	3,634	3,634
Total Revenue	78,448	82,937	4,489
Expenditures			
Operations			
Accounting	\$ 30,000	\$ 23,933	\$ 6,067
Audit	6,750	6,750	-
Legal	50,000	19,637	30,363
Office supplies, Bill.com fees, other	1,300	596	704
Election	3,000	1,027	1,973
Insurance, bonds & SDA dues	3,000	4,029	(1,029)
County Treasurer fees	1,110	1,110	-
Other	960	960	-
Contingency	45,000	-	45,000
Total Expenditures and Transfers	141,120	58,042	83,078
Revenue Over (Under) Expenditures	(62,672)	24,895	87,567
Other Financing Sources and (Uses)			
Developer advances	63,000	-	(63,000)
Total Other Financing Sources and (Uses)	63,000	-	(63,000)
Net Change in Fund Balance	328	24,895	24,567
Beginning Fund Balance	14,852	27,386	12,534
Ending Fund Balance	\$ 15,180	\$ 52,281	\$ 37,101

The accompanying notes are an integral part of these financial statements

**Hogback Metropolitan District
Notes to Financial Statements
December 31, 2023**

Note 1 Summary of Significant Accounting Policies

Hogback Metropolitan District (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County. The District was established primarily to construct, own, and operate certain public improvements, and provide certain services for the residential development to be known as North Plains. The District anticipates that all, or some, of the improvements may be dedicated to the County, or other service provider.

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

Financial Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The major fund types used by the District are described below.

Governmental Fund Type

General Fund –is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund- accounts for the revenues received related to the construction and acquisition of capital projects.

Debt Service Fund- accounts for the repayment of long-term debt incurred by the district.

Measurement Focus

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized. Property taxes were assessed for property tax year 2023, to be collected in fiscal year 2024.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 1 Summary of Significant Accounting Policies (Continued)
Basis of Accounting (continued)

Assets and Liabilities

Cash and cash equivalents - the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – all capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation of the estimated useful lives of the assets is computed using the straight-line method. Estimated useful lives range from 5-40 years for capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Accrued Liabilities and long-Term Obligation

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Deferred Inflows of Resources and Deferred Outflows of Resources

The District implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 1 Summary of Significant Accounting Policies (Continued)
Basis of Accounting (continued)

c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Fund Balance

Nonspendable - consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$2,907 as of December 31, 2023.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 6). A reservation of \$1,741 of the General Fund balance has been made in compliance with this requirement. The District had \$18,114,285 restricted for the use of debt service and acquisition and construction of public improvements.

Committed - General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of \$0 as of December 31, 2023.

Assigned – Includes all amounts that are constrained by the District’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2023, the assigned fund balance was \$0.

Unassigned - consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or amended by the District Board.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2023, the District's cash deposits had a carrying balance of \$18,817 with a corresponding bank balance of \$18,817, all of which is federally insured.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 equal to 102% of the uninsured deposits. The District had \$0 collateralized under PDPA.

The Colorado Divisions of Banking 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.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, none of the District's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 2 Cash and Investments (Continued)

At December 31, 2023, the District had \$18,922,675 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST EDGE, and COLOTRUST PLUS+. All portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust.

COLOTRUST measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in COLOTRUST is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72. COLOTRUST PLUS+ and COLOTRUST PRIME are rated by S&P Global Ratings. The current rating is 'AAAm.' COLOTRUST EDGE is rated by Fitch Ratings. The current rating is 'AAAf/S1.

COLOTRUST PLUS+ and PRIME

PRIME is presently allowed by the Trust's investment policies to maintain a portion of its assets in U.S. Treasury securities or repurchase agreements collateralized by U.S. Treasury securities. It may also invest assets in securities of a Federal Farm Credit Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and other federal instrumentality or agency security permitted by the Legal Investments Act, repurchase agreements collateralized by those securities, collateralized bank deposits, and 'AAAm' rated government money market funds. The PRIME portfolio may be invested in securities with a maximum maturity of 397 days for fixed rate debt and 762 days for sovereign government floating-rate debt. The PRIME portfolio is limited to an average weighted maturity not to exceed 60 days to reset and 120 days to final. PRIME seeks to maintain a stable Net Asset Value (NAV) of \$1.00 per share.

COLOTRUST EDGE

COLOTRUST EDGE is a variable net asset value (NAV) local government investment pool that offers weekly liquidity to participants. EDGE is suitable for a local government's strategic reserves / non-operating funds and has a NAV that is managed to approximate a \$10.00 transactional share price.

As of December 31, 2023, the Board had not adopted a formal investment policy.

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 3 Capital Assets

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Nondepreciable				
Easement	\$ 55,039	\$ -	\$ -	\$ 55,039
Construction in progress	-	4,668,702	-	4,668,702
Total Nondepreciable	55,039	4,668,702	-	4,723,741
Net Capital Assets	<u>\$ 55,039</u>	<u>\$ 4,668,702</u>	<u>\$ -</u>	<u>\$ 4,723,741</u>

Note 4 Long-term Debt

The District's long-term debt is as follows:

Series 2021A Limited Tax General Obligation Bonds (the Bonds) totaling \$23,095,000 dated December 20, 2021, with interest rates of 5%. The Maximum Mill Levy for the Bonds is capped at 50 mills subject to adjustments for changes in the ratio of actual value to assessed value of the property within the District. Maximum Mill Levy means the maximum mill levy the District is permitted to impose for payment of Debt as set forth in the District's Service Plan.

The Bonds are secured by and payable from the Pledged Revenue, meaning monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, net of County Treasurer fees, 2) all development fees, 3) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 4) any other legally available monies which the District determines to be treated as Pledged Revenue. The bonds are also secured by amounts on deposit in the Reserve Fund which is required to be funded in an amount up to \$2,117,311 and by amounts in the Surplus Fund which is required under the Indenture to be funded with excess Pledged Revenue up to \$2,309,500.

The bonds are subject to repayment due semi-annually on June 1 and December 1, and principal payments due on December 1 of each year. Interest payments are due beginning on June 1, 2023 and principal payments are due beginning December 1, 2028, but only to the extent of Pledged Revenue available for such purpose. The bonds are subject to optional redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000 prior to their maturity beginning December 1, 2026. Any amounts remaining outstanding after December 2, 2062 will be discharged.

The Changes in Long-term Debt during 2023 were as follows:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Amounts Due Within One Year
General Obligation Debt					
Series 2021A Bonds	\$ 23,095,000	\$ -	\$ -	\$ 23,095,000	\$ -
Premium on bonds	1,017,008	-	(44,254)	972,754	-
Developer Advances					
Principal	75,000	-	-	75,000	-
Interest	2,280	5,250	-	7,530	-
Total Long-term Debt	<u>\$ 24,189,288</u>	<u>\$ 5,250</u>	<u>\$ (44,254)</u>	<u>\$ 24,150,284</u>	<u>\$ -</u>

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 4 Long-term Debt (Continued)

Future debt service requirements for the Series 2021A Bonds are as follows:

Year	Principal	Interest	Total
2024	\$ -	\$ 1,154,750	\$ 1,154,750
2025	-	1,154,750	1,154,750
2026	-	1,154,750	1,154,750
2027	-	1,154,750	1,154,750
2028	80,000	1,154,750	1,234,750
2029-2033	955,000	5,682,000	6,637,000
2034-2038	2,415,000	5,307,000	7,722,000
2039-2043	4,365,000	4,521,250	8,886,250
2044-2048	7,180,000	3,166,250	10,346,250
2049-2051	8,100,000	932,250	9,032,250
Total	<u>\$ 23,095,000</u>	<u>\$ 25,382,500</u>	<u>\$ 48,477,500</u>

Note 5 Agreements

Reimbursement Agreement (Operations)

On December 3, 2021, the District entered into a *Reimbursement Agreement (Operations)* with NADG Ken-Caryl Ranch LP (Developer) where the Developer has agreed to fund certain operational expenditures relating to the District. In exchange the District has agreed to reimburse the Developer for these expenditures plus simple interest at an annual rate of 7% beginning on the date of advance to the date of repayment. No specific source of funds is pledged, and no other form of security is pledged, to the payment of the Reimbursement Obligation.

Facilities Funding and Acquisition Agreement

On December 3, 2021 the District entered into a *Facilities Funding and Acquisition Agreement* with NADG Ken -Caryl Ranch LC (Developer) where the Developer has agreed to either initially construct the Improvements to convey to the District or to initially fund the construction of the Improvements of the District. In exchange the District has agreed to reimburse the Developer for these expenditures plus simple interest at an annual rate of 7% beginning on the date of advance to the date of repayment. In the event the District is unable to reimburse Developer for Developer Advances or the acquisition of Improvements within 30 years of the date of the advancement, any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full.

On September 27, 2023 the District entered into an *Amended and Restated Facilities Funding Agreement* which amended and restated and replaced in its entirety the original Facilities Funding and Acquisition Agreement as of the effective date. Under this agreement the Developer has agreed to either initially construct the Improvements to convey to the District or to initially fund the construction of the Improvements of the District. In exchange the District has agreed to reimburse the Developer for District Eligible costs within 30 calendar days of receipt of a satisfactory Engineer's Cost Certification and an Accountant's Cost Certification. In the event there are Certified District Eligible Costs in excess of the Project Funds and the District is unable to

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 5 Agreements (Continued)

reimburse the Developer simple interest shall accrue at an annual rate of 8% beginning on the date of adoption of a District Acceptance Resolution to the earlier of the date the Reimbursement Obligation is issued to evidence the Certified District Eligible Costs or the date of the repayment in full of all interest then due and payable and the principal balance of Certified District Eligible Costs.

Public Improvements Funding and Reimbursement Agreement (Four Party Agreement)

On May 12, 2023 the District entered into a *Public Improvements Funding and Reimbursement Agreement* with NADG Ken -Caryl Ranch LC (Developer), Toll Southwest, LLC (Party), and Lenar Colorado, LLC (Party), collectively the Parties, where the Developer has agreed to acquire, finance, plan and construct Parcel A Public Improvements. In the event of default which is not timely cured by the Developer the Parties have the right to step-in and assume the rights and obligations of the Developer regarding the acquisition, financing, planning and construction of the Parcel A Public Improvements. In exchange the District has agreed to reimburse the Developer for District eligible costs plus simple interest at an annual rate of 2% beginning on the date of adoption of a District Acceptance Resolution to the earlier of the date the Reimbursement Obligation is issued to evidence the Certified District Eligible Costs or the date of the repayment in full of all interest then due and payable and the principal balance of Certified District Eligible Costs.

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, the Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

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

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-

Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023

Note 7 Risk Management (Continued)

115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation, and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded the District's commercial coverage in the last three years.

Note 8 Related Parties

Multiple members of the Board of Directors are officers or employees of owners (or affiliated entities) of property within the District. These members may have conflicts of interest with respect to certain transactions which come before the Board.

Note 9 Authorized but Unissued Debt

The District has authorized but unissued debt in the amount of \$520,905,000 however, under the terms of the District's Service Plan, the maximum total aggregate principal amount of debt that may be issued or incurred by the District shall not exceed \$32,000,000. As of December 31, 2023 the District had \$8,905,000 of debt that was available to be issued under the service plan. As of December 31, 2023 the District has authorized but unissued debt for the following purposes:

**Hogback Metropolitan District
Notes to Financial Statements (Continued)
December 31, 2023**

Note 9 Authorized but Unissued Debt (Continued)

Purpose	Principal Amount Voted at 2014 Election	Principal Amount of Voted Authorization Allocated to Bonds	Principal Amount of Voted Debt Authorization Remaining from 2014 Election
Street	\$ 32,000,000	\$ 8,545,150	\$ 23,454,850
Parks and Recreation	32,000,000	5,080,900	26,919,100
Water	32,000,000	2,309,500	29,690,500
Sanitation	32,000,000	5,773,750	26,226,250
Transportation	32,000,000	-	32,000,000
Mosquito Control	32,000,000	-	32,000,000
Traffic Safety	32,000,000	692,850	31,307,150
Fire Protection	32,000,000	692,850	31,307,150
Television Relay / Translation	32,000,000	-	32,000,000
Security	<u>32,000,000</u>	<u>-</u>	<u>32,000,000</u>
TOTAL PUBLIC IMPROVEMENTS	320,000,000	23,095,000	296,905,000
Operations and Maintenance	32,000,000	-	32,000,000
Refunding	64,000,000	-	64,000,000
Reimbursement Agreements	32,000,000	-	32,000,000
Business Recruitment Debt	32,000,000	-	32,000,000
Revenue Debt	32,000,000	-	32,000,000
Special Assessed Debt	32,000,000	-	32,000,000
GRAND TOTAL	<u>\$ 544,000,000</u>	<u>\$ 23,095,000</u>	<u>\$ 520,905,000</u>

Other Supplemental Information

Hogback Metropolitan District
Statement of Revenue and Expenditures and Change in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 320,000	\$ 948,106	\$ 628,106
Total Revenue	<u>320,000</u>	<u>948,106</u>	<u>628,106</u>
Expenditures			
Operations			
Legal	20,000	18,436	1,564
Accounting	20,000	8,039	11,961
Engineering	20,000	74,001	(54,001)
Trustee fees	14,000	45,423	(31,423)
Capital improvements	9,000,000	4,668,702	4,331,298
Contingency	9,524,991	-	9,524,991
Total Expenditures	<u>18,598,991</u>	<u>4,814,601</u>	<u>13,784,390</u>
Net Change in Fund Balance	(18,278,991)	(3,866,495)	14,412,496
Beginning Fund Balance	18,278,991	18,637,595	358,604
Ending Fund Balance	<u>\$ -</u>	<u>\$ 14,771,100</u>	<u>\$ 14,771,100</u>

The accompanying notes are an integral part of these financial statements

Hogback Metropolitan District
Statement of Revenue and Expenditures and Change in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 370,037	\$ 370,037	\$ 370,037	\$ -
Specific ownership taxes	22,202	22,203	26,483	4,280
Interest	125,000	200,000	199,351	(649)
Total Revenue	<u>517,239</u>	<u>592,240</u>	<u>595,871</u>	<u>3,631</u>
Expenditures				
Operations				
Trustee fees	9,000	14,000	13,572	428
County Treasurer fees	5,551	5,551	5,551	-
Debt service				
Bond interest	1,154,750	1,154,750	1,154,750	-
Contingency	-	25,000	-	25,000
Total Expenditures	<u>1,169,301</u>	<u>1,199,301</u>	<u>1,173,873</u>	<u>25,428</u>
Net Change in Fund Balance	(652,062)	(607,061)	(578,002)	29,059
Beginning Fund Balance	3,904,231	3,921,187	3,921,187	-
Ending Fund Balance	<u>\$ 3,252,169</u>	<u>\$ 3,314,126</u>	<u>\$ 3,343,185</u>	<u>\$ 29,059</u>

The accompanying notes are an integral part of these financial statements