

HIDDEN CREEK METROPOLITAN DISTRICT
Weld County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**HIDDEN CREEK METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	24
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	25
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	27
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION (UNAUDITED)	
HISTORY OF ASSESSED VALUATION AND MILL LEVIES	29
PROPERTY TAX COLLECTIONS IN THE DISTRICT	30
ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT	31
DEBT TO ASSESSED VALUATION RATIO	32



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hidden Creek Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hidden Creek Metropolitan District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective changes in financial position and the 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is 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 basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information and the Continuing Disclosures Annual Financial Information, as listed in the table of contents (collectively, the Other Information), 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 we do not express an opinion or any form of assurance thereon.

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.

Dassio & Associates, P.C.

July 16, 2026

BASIC FINANCIAL STATEMENTS

**HIDDEN CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 47,607
Cash and Investments - Restricted	38,857
Property Taxes Receivable	655,673
Prepaid Expenses	<u>3,616</u>
Total Assets	745,753
LIABILITIES	
Accounts Payable	40,688
Noncurrent Liabilities:	
Due in More Than One Year	<u>13,179,652</u>
Total Liabilities	13,220,340
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>655,673</u>
Total Deferred Inflows of Resources	<u>655,673</u>
NET POSITION	
Restricted For:	
Emergency Reserves	3,000
Unrestricted	<u>(13,133,260)</u>
Total Net Position	<u><u>\$ (13,130,260)</u></u>

See accompanying Notes to Basic Financial Statements.

**HIDDEN CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 85,984	\$ -	\$ -	\$ -	\$ (85,984)
Interest and Related Costs on Long-Term Debt	670,381	-	-	-	(670,381)
Total Governmental Activities	<u>\$ 756,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(756,365)
GENERAL REVENUES					
Property Taxes					576,790
Specific Ownership Taxes					23,392
Net Investment Income					14,133
Total General Revenues					<u>614,315</u>
CHANGE IN NET POSITION					(142,050)
Net Position - Beginning of Year					<u>(12,988,210)</u>
NET POSITION - END OF YEAR					<u>\$ (13,130,260)</u>

See accompanying Notes to Basic Financial Statements.

**HIDDEN CREEK METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 47,607	\$ -	\$ -	\$ 47,607
Cash and Investments - Restricted	3,000	35,857	-	38,857
Property Taxes Receivable	106,762	548,911	-	655,673
Prepaid Expense	3,616	-	-	3,616
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 160,985</u>	<u>\$ 584,768</u>	<u>\$ -</u>	<u>\$ 745,753</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 11,568	\$ -	\$ -	\$ 11,568
Due to the Town of Frederick	-	29,120	-	29,120
Total Liabilities	<u>11,568</u>	<u>29,120</u>	<u>-</u>	<u>40,688</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	<u>106,762</u>	<u>548,911</u>	<u>-</u>	<u>655,673</u>
Total Deferred Inflows of Resources	<u>106,762</u>	<u>548,911</u>	<u>-</u>	<u>655,673</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	3,616	-	-	3,616
Restricted For:				
Emergencies (TABOR)	3,000	-	-	3,000
Debt Service	-	6,737	-	6,737
Unassigned	<u>36,039</u>	<u>-</u>	<u>-</u>	<u>36,039</u>
Total Fund Balances	<u>42,655</u>	<u>6,737</u>	<u>-</u>	<u>49,392</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 160,985</u>	<u>\$ 584,768</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Long-term liabilities, including Developer advances payable and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(8,000,000)
Accrued Interest Payable - Bonds				(699,251)
Developer Advance Payable				(2,822,701)
Developer Advance Payable - Accrued Interest				<u>(1,657,700)</u>
Net Position of Governmental Activities				<u>\$ (13,130,260)</u>

See accompanying Notes to Basic Financial Statements.

**HIDDEN CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 94,630	\$ 482,160	\$ -	\$ 576,790
Specific Ownership Taxes	3,838	19,554	-	23,392
Net Investment Income	1,322	12,599	212	14,133
Total Revenues	99,790	514,313	212	614,315
EXPENDITURES				
General:				
Accounting	34,682	-	-	34,682
Audit	5,700	-	-	5,700
County Treasurer's Fees	1,420	7,233	-	8,653
Dues and Licenses	363	-	-	363
Election	6,177	-	-	6,177
Insurance	3,605	-	-	3,605
Management Fees	16,032	-	-	16,032
Legal	16,351	-	-	16,351
Website	1,654	-	-	1,654
Transfer to the Town of Frederick	-	29,120	-	29,120
Debt Service:				
Paying Agent Fees	-	4,000	-	4,000
Bond Interest	-	474,000	-	474,000
Total Expenditures	85,984	514,353	-	600,337
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,806	(40)	212	13,978
OTHER FINANCING SOURCES (USES)				
Repay Developer Advances	-	-	(5,630)	(5,630)
Total Other Financing Sources (Uses)	-	-	(5,630)	(5,630)
NET CHANGE IN FUND BALANCES	13,806	(40)	(5,418)	8,348
Fund Balances (Deficit) - Beginning of Year	28,849	6,777	5,418	41,044
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 42,655</u>	<u>\$ 6,737</u>	<u>\$ -</u>	<u>\$ 49,392</u>

See accompanying Notes to Basic Financial Statements.

**HIDDEN CREEK 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, 2025**

Net Change in Fund Balances - Governmental Funds	\$	8,348
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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., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of Developer Advance - Infrastructure		5,630
Interest Paid on Bonds		474,000

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 on Bonds - Change in Liability		(403,762)
Accrued Interest on Developer Advance - Change in Liability		<u>(226,266)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(142,050)</u></u>
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**HIDDEN CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 94,727	\$ 94,630	\$ (97)
Specific Ownership Taxes	3,789	3,838	49
Net Investment Income	-	1,322	1,322
Total Revenues	<u>98,516</u>	<u>99,790</u>	<u>1,274</u>
EXPENDITURES			
General:			
Accounting	35,000	34,682	318
Audit	5,700	5,700	-
County Treasurer's Fees	1,421	1,420	1
Election	5,000	6,177	(1,177)
Insurance	4,000	3,605	395
Management Fees	20,000	16,032	3,968
Legal	33,000	16,351	16,649
Miscellaneous Expenses	1,000	-	1,000
Website	7,500	1,654	5,846
Dues and Licenses	500	363	137
Contingency	3,879	-	3,879
Total Expenditures	<u>117,000</u>	<u>85,984</u>	<u>31,016</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,484)	13,806	32,290
OTHER FINANCING SOURCES (USES)			
Developer Advances	5,000	-	(5,000)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	(13,484)	13,806	27,290
Fund Balance - Beginning of Year	<u>19,829</u>	<u>28,849</u>	<u>9,020</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 6,345</u></u>	<u><u>\$ 42,655</u></u>	<u><u>\$ 36,310</u></u>

See accompanying Notes to Basic Financial Statements.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 DEFINITION OF REPORTING ENTITY

Hidden Creek 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, Colorado recorded on November 25, 2015, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the Town of Frederick (the Town), Colorado. The District was established to provide planning, design, acquisition, installation, construction relocation, redevelopment, financing, and completion of public improvements and services, including water, stormwater, sanitation and wastewater treatment, street and roadway improvements, traffic and safety protection, parks and recreation, transportation, television relay and translation and mosquito and pest control improvements and services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and inter-governmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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 general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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 assets 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, *property tax revenue*, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

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.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (Statement 102)*. Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District implemented the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 47,607
Cash and Investments - Restricted	38,857
Total Cash and Investments	<u>\$ 86,464</u>

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 17,581
Investments	68,883
Total Cash and Investments	<u>\$ 86,464</u>

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, 2025, the District's cash deposits had a bank balance and a carrying balance of \$17,581.

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 noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado Revised 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

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- 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, 2025, the District has the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 873
Colorado Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	68,010
Total Investments		<u>\$ 68,883</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

COLOTRUST

The District 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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both 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 CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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 PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

Capital assets constructed by the District were conveyed to the other governmental entities. The cost of all capital assets transferred to other governmental entities were removed from the District's financial records. There is two-year warranty period on the capital assets conveyed to Town of Frederick. On June 12, 2024, the Town granted final acceptance of Hidden Creek Subdivision Phase 1 and released the District of all maintenance responsibilities for Phase 1. The remaining phase (Phase 2) has not been accepted. The District anticipates that the cost, if any, associated with the warranty will be insignificant.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance - December 31, 2024	Additions	Reductions	Balance - December 31, 2025	Due Within One Year
Limited Tax General					
Obligation Bonds:					
Senior - Series 2021A(3)	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	\$ -
Accrued Interest on					
Senior - Series 2021A(3)	769,489	403,762	474,000	699,251	-
Developer Advances - Prior Costs	84,839	-	-	84,839	-
Developer Advances - O&M	142,530	-	-	142,530	-
Developer Advances - Infrastructure	2,600,962	-	5,630	2,595,332	-
Accrued Interest on					
Developer Advances - Prior Costs	30,719	6,787	-	37,506	-
Developer Advances - O&M	24,416	11,402	-	35,818	-
Accrued Interest on Developer Advances - Infrastructure	1,376,299	208,077	-	1,584,376	-
Total	<u>\$ 13,029,254</u>	<u>\$ 630,028</u>	<u>\$ 479,630</u>	<u>\$ 13,179,652</u>	<u>\$ -</u>

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

Limited Tax General Obligation Bonds, Series 2021A(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on July 22, 2021, in the par amount of \$8,000,000 pursuant to the Indenture of Trust (the Indenture) by and between the District and UMB Bank, n.a. Proceeds from the sale of the Bonds were used to finance or reimburse a portion of the costs of public improvements related to the development within the District and to pay the costs of issuing the Bonds. Certain capitalized terms used may not be defined herein. The reader should refer to the Indenture for such definitions.

Details of the Bonds

The Bonds bear interest at the rate of 4.625% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2045 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amount of principal or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefore, on December 1, 2061, such amounts shall be deemed discharged and no longer due and outstanding.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2021A(3) (the Bonds) (Continued)

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026 to August 31, 2027	3.00 %
September 1, 2027 to August 31, 2028	2.00
September 1, 2028 to August 31, 2029	1.00
September 1, 2029 and Thereafter	-

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Capital Fees; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

Property Tax Revenues means all monies derived from imposition by the District of the Required Mill Levy and does not include specific ownership taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of its imposition of its Required Mill Levy.

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges or usage fees) now or hereafter imposed by the District or any District-owned "enterprise" under Article X, Section 20 of the State Constitution, for services, programs, or facilities furnished by the District. Capital Fees does not include any fee imposed solely for the purpose of funding operation and maintenance expenses.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in an amount equal to 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2015) less the Permitted O&M Mill Levy Deduction and less the Contribution Mill Levy, or such lesser amount that will generate Property Tax Revenues which will pay the Bonds in full in the year such levy is collected.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy (Continued)

The Permitted O&M Mill Levy Deduction means the ad valorem property tax levy imposed by the District for general, administrative, operation and maintenance costs, but not in excess of the number of mills which would generate property taxes in the succeeding collection year, after deduction of collection costs, in an amount equal to: (a) \$51,000 for collection year 2022, and (b) for each collection year thereafter, such maximum dollar amount for the prior collection year plus 2.00%.

Any time the District imposes a mill levy for debt service, the District is to impose a mill levy of three mills (but in no event in excess of three mills, which is not subject to adjustment) (the Contribution Mill Levy) for purposes of financing capital improvements or for financing operations and maintenance expenses associated with Town improvements. Revenues from the Contribution Mill Levy are to be remitted to the Town upon the District's receipt and are not pledged to the Bonds.

To the extent that the District is able to impose less than 10 mills for operations and maintenance purposes, the Service Plan permits, and the Indenture requires, the District to increase its mill levy imposed for debt service by a corresponding amount up to 47 mills (i.e., the 50 mill Limited Mill Levy (as defined in the District's Service Plan), less the three mill Contribution Mill Levy), subject to adjustment.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Unused Lines of Credit

The Series 2021 Limited Tax General Obligation Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2021 Limited Tax General Obligation Bonds.

Events of Default

Events of default occur if the Districts fail to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and do not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Termination Events

The Series 2021 Limited Tax General Obligation Bonds do not have a termination provision.

Acceleration

The Series 2021 Limited Tax General Obligation Bonds are not subject to acceleration.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

At the election held on November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$80,000,000 for providing public improvements. At December 31, 2025, the District has authorized but unissued indebtedness of \$122,000,000.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$8,000,000. Following the issuance of the Series 2021A(3) Bonds, there is no Service Plan debt authorization remaining. The limitations of the Service Plan may be modified or amended only with the prior approval of the Town and as otherwise provided in the Special District Act.

NOTE 6 NET POSITION

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

Restricted net position consists of 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 a restricted net position as of December 31, 2025 as follows:

Restricted Net Position:

Emergencies	\$ 3,000
Total Restricted Net Position	<u>\$ 3,000</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements have been conveyed to other governmental entities and which costs have been removed from the District's financial records.

NOTE 7 RELATED PARTIES

The Developer of the property is LGI Homes – Colorado, LLC. Some of the members of the Board of Directors are employee, owners or otherwise associated with the Developer, and potential conflicts of interest in dealing with the District have been disclosed in accordance with State law.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 AGREEMENTS

Advance and Reimbursement Agreement (Operations and Maintenance Expenses)

On December 3, 2020, the District entered into Advance and Reimbursement Agreement (the Agreement) with LGI Homes Colorado, LLC (the Developer), to repay advances made by the Developer for Operations Costs of the District. Pursuant to the Agreement, the Developer has determined to provide funding for the District's Operations Costs, as defined in the Agreement, on behalf of or to the District consistent with the public objectives and purpose of the District. The Developer agreed to advance or expend funds on behalf of the District in the maximum advance amount of \$134,893.01, which funds would be available to the District through December 31, 2022. The District agreed to repay Developer for such advances plus accrued interest at the rate of 8.00%. The parties agreed and acknowledged that the Developer has incurred costs on behalf of the District prior to execution of the Agreement in anticipation that the same would be reimbursed by the District. The parties may terminate the Agreement by mutual written agreement of the parties. Unless earlier terminated, the Agreement shall be in effect until the end of the fiscal year in which the Agreement was executed and shall automatically renew for an additional one-year period at the end of that fiscal year and each fiscal year thereafter, provided, however, this Agreement and any obligation of the District to reimburse the Developer shall expire on the date that is forty (40) years after the Effective Date (the Termination Date). In the event the District has not reimbursed the Developer for any Advance(s) made pursuant to this Agreement on such Termination Date, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. On December 2, 2021, the parties entered into a First Amendment to the Agreement to increase the Maximum Advance Amount, as defined therein, to \$158,592, which funds would be available to the District through December 31, 2023.

On December 1, 2022, the Agreement was further amended by the Second Amendment to the Agreement to increase the Maximum Advance Amount to \$190,016. These funds shall be available to the District through December 31, 2023 (as the same may be amended pursuant to an annual review evidenced by supplement or amendment hereto, the "Loan Obligation Termination Date"). Thereafter, Developer may agree to renew its obligations hereunder by providing written notice thereof to the District, in which case the Loan Obligation Termination Date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year. On December 4, 2023, the Loan Obligation Termination Date was extended to December 31, 2024, via letter signed by both the District and the Developer. On December 5, 2024, the Loan Obligation Termination Date was extended to December 31, 2025, via a subsequent letter signed by both the District and the Developer.

Upon execution of the Agreement, the District acknowledged \$84,839 of prior Developer advances. As of December 31, 2025, the total amount owed by the District under the Agreement was \$122,345, including \$37,506 of accrued interest.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 AGREEMENTS (CONTINUED)

Facilities Funding and Acquisition Agreement

On December 3, 2020, the District entered into Advance and Reimbursement and Facilities Acquisition Agreement (the FFAA) with Developer. The FFAA establishes the terms and conditions (a) upon which Developer may advance funds to or expend funds on behalf of the District for District Eligible Costs, and (b) upon which the District may make reimbursement to Developer for such advances and/or expenditures. The Parties acknowledge that the District does not presently have the funds to construct the Public Improvements, but in furtherance of the purposes of the District as expressed in the Service Plan, the FFAA provides a means by which the District may reimburse the Developer for certain Certified District Eligible Costs of Public Improvements, as defined in the FFAA, financed and constructed by the Developer or for which the Developer advanced funds to the District to finance and construct. The District is authorized to accept any Public Improvements and/or District Eligible Costs, as defined in the FFAA, for reimbursement.

The Developer agreed to advance funds or expend funds on behalf of the District for District Eligible Costs in one or more installments, provided that in no event shall the total amount that the Developer shall be obligated to advance to the District or expend on behalf of the District, exceed Eight Million Dollars and Zero Cents (\$8,000,000.00) (the Maximum Advance Amount), which amount is set to be equivalent to the total debt issuance limitation set forth in the District's Service Plan since the proceeds from debt issuances are contemplated to be the source of funds for reimbursements. The Maximum Advance Amount constitutes the maximum amount that may be advanced or expended under the FFAA for which reimbursement may be made, notwithstanding any payment or prepayment of any portion of the funds advanced or expended pursuant to the terms of the FFAA, unless the FFAA is further supplemented or amended.

Intergovernmental Agreement with the Town

On March 8, 2016, the District entered into the Intergovernmental Agreement (the IGA) with the Town. Pursuant to the IGA, the District agrees to dedicate the public improvements to the Town or other appropriate jurisdiction in a manner contemplated under the approved development plan and other rules and regulations of the Town and applicable provisions of the Town Code.

The District is not authorized to operate and maintain any part or all of the Public Improvements, except one off-site drainage facility located in the Town of Firestone, a neighborhood park and park and recreation improvements as permitted by an intergovernmental agreement between the District and Carbon Valley Parks and Recreation District. The District will dedicate the neighborhood park to the Town, which will be maintained by either the District or an owner's association as the District and owner's association may reasonably determine. Sanitation facilities will be conveyed to the St. Vrain Sanitation District. Water facilities and streets and roadway improvements will be conveyed to the Town.

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement with the Town (Continued)

Without increasing the Limited Mill Levy, at any time the District imposes a mill levy for debt service purposes, the District imposes the Contribution Mill Levy of three (3.000) mills for purpose of financing capital improvements or for financing operations and maintenance expenses associated with Town capital improvements, and revenue should be remitted to the Town upon District's receipt. In the event that the District has no debt service mill levy, the District shall have no obligation to levy, collect, and pay over to the Town the Contribution Mill Levy. In 2025, the District imposed Contribution Mill Levy generated \$29,120 in revenue, which was paid to the Town.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

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

**HIDDEN CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

At the election held on November 3, 2015, a majority of the District's electors authorized the District to increase property taxes up to \$500,000 annually to pay the District's administration and operations and maintenance expenses; and to increase its property taxes up to \$200,000 annually to pay for Town improvements for which the District is obligated to pay the Contribution Mill Levy, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. 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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating revenue is limited to a 5.25% increase or 10.50% over a two year period, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. As of December 31, 2025 the District was unable to impose the maximum General Fund mill levy as allowed in the Service Plan, due to the constraints contained within the provisions of Section 29-1-1702.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

**HIDDEN CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 454,236	\$ 454,236	\$ 453,771	\$ (465)
Property Taxes - Contribution Mill Levy	28,418	28,418	28,389	(29)
Specific Ownership Tax	18,168	20,100	18,403	(1,697)
Specific Ownership Tax - Contribution Mill Levy	1,137	1,216	1,151	(65)
Net Investment Income	2,500	11,000	12,599	1,599
Other Revenue	10,000	-	-	-
Total Revenues	514,459	514,970	514,313	(657)
EXPENDITURES				
General:				
County Treasurer's Fees	6,814	6,814	6,807	7
County Treasurer's Fee - Contribution Mill Levy	426	426	426	-
Transfer to the Town of Frederick	29,128	29,208	29,120	88
Paying Agent Fees	5,500	5,500	4,000	1,500
Bond Interest - Series 2021A	461,000	473,000	474,000	(1,000)
Contingency	11,132	6,052	-	6,052
Total Expenditures	514,000	521,000	514,353	6,647
NET CHANGE IN FUND BALANCE	459	(6,030)	(40)	5,990
Fund Balance - Beginning of Year	4,223	6,777	6,777	-
FUND BALANCE - END OF YEAR	<u>\$ 4,682</u>	<u>\$ 747</u>	<u>\$ 6,737</u>	<u>\$ 5,990</u>

**HIDDEN CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Net Investment Income	\$ 200	\$ 300	\$ 212	\$ (88)
Total Revenues	200	300	212	(88)
EXPENDITURES				
Total Expenditures	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	200	300	212	(88)
OTHER FINANCING SOURCES (USES)				
Repay Developer Advances	-	(5,718)	(5,630)	88
Total Other Financing Sources (Uses)	-	(5,718)	(5,630)	88
NET CHANGE IN FUND BALANCE	200	(5,418)	(5,418)	-
Fund Balance - Beginning of Year	5,453	5,418	5,418	-
FUND BALANCE - END OF YEAR	<u>\$ 5,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**HIDDEN CREEK METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Contribution Mill Levy	Levied	Collected	
2021	\$ 513,870	10.533	42.131	3.000	\$ 28,604	\$ 28,534	99.76 %
2022	1,143,360	9.467	43.197	3.000	63,644	63,645	100.00
2023	2,531,550	10.000	42.664	3.000	140,916	139,910	99.29
2024	9,048,090	10.000	42.346	3.000	500,775	500,017	99.85
2025	9,472,720	10.000	47.952	3.000	577,381	576,790	99.90
Estimated for the Year Ending December 31, 2026	\$ 10,925,340	9.772	47.242	3.000	\$ 655,673		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
(UNAUDITED)**

**HIDDEN CREEK METROPOLITAN DISTRICT
HISTORY OF ASSESSED VALUATION AND MILL LEVIES
DECEMBER 31, 2025**

Assessed Valuation			Mill Levies			
Levy/ Collection Year	Amount	Percent Change	Operations Mill Levy	General Obligations Mill Levy	Contractual Mill Levy	Total Levy
2025/2026	\$ 10,925,340	15.33%	9.772	47.242	3.000	60.014
2024/2025	9,472,720	4.69%	10.000	47.952	3.000	60.952
2023/2024	9,048,090	257.41%	10.000	42.346	3.000	55.346
2022/2023	2,531,550	121.41%	10.000	42.664	3.000	55.664
2021/2022	1,143,360	122.50%	9.467	(2) 43.197	3.000	55.664
2020/2021	513,870	(1) 0.18%	10.533	(2) 42.131	3.000	55.664
2019/2020	512,930	158.32%	0.000	0.000	0.000	0.000
2018/2019	198,560	-25.09%	0.000	0.000	0.000	0.000
2017/2018	265,050	-47.00%	0.000	0.000	0.000	0.000

- (1) Pursuant to Section 39-1-105, C.R.S., all taxable property in the state is assessed as of January 1 of each year. The assessed valuation presented was certified as of December 2020, and may not reflect additional development that occurred after January 1, 2020.
- (2) This levy reflects the 10-mill Operations Mill Levy limit provided for in the service plan, adjusted for changes in the ratio of actual valuation to assessed valuation for residential property occurring after January 1, 2015. Pursuant to ballot issue 5(A), however, the Election limits the District's mill levy imposed for operations and maintenance purpose to a rate not in excess of 10 mills annually, without adjustment. In order to address the 0.533 mills imposed in 2020 in excess of the Election limitation, the District imposed an Operations Mill Levy of 10.00 mills minus a temporary general property tax credit/temporary mill levy rate reduction of .533 mills for an Operations Mill Levy of 9.467 mills in 2021 (for collection in 2022). Such reduction of the Operations Mill Levy imposed in 2021 resulted in an increase in the General Obligation Mill Levy by a corresponding amount as required by the Indenture pursuant to the definition of the Required Mill Levy.

Sources: The District and Weld County Assessor's Office

**HIDDEN CREEK METROPOLITAN DISTRICT
PROPERTY TAX COLLECTIONS IN THE DISTRICT
DECEMBER 31, 2025**

Levy/Collection Year	Taxes Levied	(1)	Current Tax Collection	(2)	Collection Rate
2025/2026	\$ 655,673		\$ 447,836	(3)	68.30 %
2024/2025	577,381		576,790		99.90
2023/2024	500,775		500,017		99.85
2022/2023	140,916		139,910		99.29
2021/2022	63,644		63,645		100.00
2020/2021	28,604		28,534		99.76
2019/2020	-		-		-
2018/2019	-		-		-
2017/2018	-		-		-

(1) Levied amounts do not reflect abatements or other adjustments.

(2) The County Treasurer's collection fee has not been deducted from these amounts. Figures do not include interest, fees, and penalties.

(3) Collection as of May 31, 2026.

Sources: The District and Weld County Assessor's Office

**HIDDEN CREEK METROPOLITAN DISTRICT
 ASSESSED AND “ACTUAL” VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
 DECEMBER 31, 2025**

Property Class	"Actual" Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Vacant Land	\$ 13,871,791	\$ 3,746,170	34.29 %
Residential	110,803,109	6,925,160	63.39
Commercial	28,854	7,790	0.07
Oil and Gas	374,941	101,240	0.93
State Assessed	536,956	144,980	1.33
Total	<u>\$ 125,615,651</u>	<u>\$ 10,925,340</u>	<u>100.00 %</u>

Source: Weld County Assessor's Office

**HIDDEN CREEK METROPOLITAN DISTRICT
DEBT TO ASSESSED VALUATION RATIO
DECEMBER 31, 2025**

	<u>2024</u>	<u>2025</u>
Direct Debt (Consisting of the Bonds)	\$ 8,000,000	\$ 8,000,000
Certified Assessed Valuation	9,472,720	10,925,340
Direct Debt to Assessed Valuation	84.45%	73.22%

Sources: The District and Weld County Assessor's Office