

MORGAN HILL METROPOLITAN DISTRICT NOS. 1, 2 AND 3

2024 CONSOLIDATED ANNUAL REPORT TO THE TOWN OF ERIE, COLORADO

Pursuant to §32-1-207(3)(c), C.R.S. and Section VII. of the Consolidated Service Plan for Morgan Hill Metropolitan District Nos. 1, 2 and 3 (collectively the “**Districts**”), the Districts are required to provide an annual report to the Town of Erie (the “**Town**”) with regard to the following matters:

For the year ending December 31, 2024, the Districts make the following report:

§32-1-207(3), C.R.S. Statutory Requirements

1. Boundary changes made.

There were no boundary changes made to the Districts’ boundaries in 2024.

2. Intergovernmental agreements entered into or terminated with other governmental entities.

The Districts did not enter into or terminate any intergovernmental agreements with other governmental entities in 2024.

3. Access information to obtain a copy of rules and regulations adopted by the board.

As of December 31, 2024, the Districts had not adopted any rules and regulations.

4. A summary of litigation involving public improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Weld County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2024.

5. The status of the construction of public improvements by the Districts.

All public improvements contemplated by the Metro District’s Board have been completed. There is warranty work remaining with portions of the landscape improvements that is expected to be completed this summer or early fall.

6. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

There were no new facilities or improvements constructed by the Districts this year and no new facilities or improvements contemplated in the future.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

The 2024 final assessed valuation as certified by the Weld County Assessor for the Districts is as follows:

<i>District No. 1</i>	<i>\$6,890,550</i>
<i>District No. 2</i>	<i>\$10,169,310</i>
<i>District No. 3</i>	<i>\$15,236,820</i>

8. A copy of the current year’s budget.

*Copies of the 2025 Budgets are attached hereto as **Exhibit A**.*

9. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

*Copies of the 2023 Audit Exemptions for District Nos. 1 and 2, and the 2023 Audit for District No. 3 are attached hereto as **Exhibit B**.*

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.

There were no uncured events of default that continued beyond a ninety (90) day period, under any Debt instrument.

11. Any inability of the Districts to pay their obligations as they come due under any obligation which continues beyond a ninety (90) day period.

The Districts did not experience any inability to pay their obligations as they came due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

Service Plan Requirements

12. A narrative summary of the progress of the Districts in Implementing the Service Plan.

The District has been fully platted and all public improvements have been completed. Bonds have been issued. Homes are constructed or in the permitting process on every lot. The remaining actions by the District Board members is to set the mill levy annually to repay the debt.

13. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of public facilities

in the fiscal year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the fiscal year.

The Districts incurred capital expenditures as shown on the attached budgets. In the next five (5) years, a majority of the public improvements contemplated in the Service Plan are projected to be undertaken as development progresses.

- 14. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the fiscal year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the fiscal year, the amount of payment or retirement of existing indebtedness of the Districts in the fiscal year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the fiscal year, and the current mill levy of the District pledged to debt retirement in the fiscal year.**

District No. 3 issued its Series 2018 A and B bonds which were refinanced with the issuance of the Series 2021A and 2021B Bonds, and also issued its Series 2021C Subordinate Bonds as shown in its audit.

2024 Assessed Value District No. 1: \$6,890,550 with 49.818 mills for contractual pledge agreement obligations related to the District No. 3 Bonds.

2024 Assessed Value District No. 2: \$10,169,310 with 58.847 mills for contractual pledge agreement obligation related to the District No. 3 Bonds.

2024 Assessed Value District No. 3: \$15,236,820 with 56.008 mills for debt service.

- 15. A summary of residential and commercial development which has occurred within the Districts for the fiscal year.**

There is was no commercial development within the Districts for the fiscal year. The final remaining residential building permits for homes within the Districts are being purchased in 2025 with final occupancy permits ongoing.

- 16. A summary of all taxes, fees, charges and assessments imposed by the Districts as of January 1 of the fiscal year.**

District No. 1 imposed a total of 63.275 mills, District No. 2 imposed a total of 58.847 mills in 2024 for collection in 2025, and District No. 3 imposed a total of 56.008 mills in 2024 for collection in 2025, as reflected on the attached budgets. No fees, charges or assessments were imposed in 2024.

- 17. The name, business address and telephone number of each member of the Boards and the chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards.**

<i>Jon R. Lee</i>	<i>President</i>	<i>2500 Arapahoe Ave., #220, Boulder, CO 80302, (303) 442-2299</i>
<i>Jessica Brothers</i>	<i>Treasurer, Secretary</i>	<i>2500 Arapahoe Ave., #220, Boulder, CO 80302, (303) 442-2299</i>
<i>Vacancy</i>		
<i>Vacancy</i>		
<i>Vacancy</i>		

Regular meetings are scheduled for the fourth Thursday of April and October at 2:30 p.m. at 2500 Arapahoe Avenue, Suite 220, Boulder, CO and/or via Zoom teleconference.

Chief Admin. Officer – None

General Legal Counsel – WBA PC; 2154 E. Commons Avenue, Suite 2000, Centennial, CO 80122; 303-858-1800

EXHIBIT A
2025 Budgets

MORGAN HILL METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/24/25

ACTUAL	ESTIMATED	BUDGET
2023	2024	2025

ASSESSED VALUATION

Residential	\$ 4,424,020	\$ 6,171,500	\$ 6,278,250
Commercial	160	450	620
State assessed	112,620	80,270	79,070
Vacant land	80,770	346,710	305,980
Oil and gas	730,930	679,960	226,630
Certified Assessed Value	\$ 5,348,500	\$ 7,278,890	\$ 6,890,550

MILL LEVY

General	57.220	19.102	13.457
Debt Service	0.000	44.571	49.818
Total mill levy	57.220	63.673	63.275

PROPERTY TAXES

General	\$ 306,041	\$ 139,041	\$ 92,726
Debt Service	-	324,427	343,274
Levied property taxes	306,041	463,468	436,000
Adjustments to actual/rounding	1	(2,042)	-
Refunds and abatements	(1,845)	-	-
Budgeted property taxes	\$ 304,197	\$ 461,426	\$ 436,000

BUDGETED PROPERTY TAXES

General	\$ 304,197	\$ 138,428	\$ 92,726
Debt Service	-	322,998	343,274
	\$ 304,197	\$ 461,426	\$ 436,000

**MORGAN HILL METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 92,386	\$ 69,458	\$ 143,390
REVENUES			
Property taxes	304,197	461,426	436,000
Specific ownership taxes	13,015	16,616	17,442
Interest income	7,104	25,000	6,000
Reimbursed expenditures	5	-	-
Total revenues	<u>324,321</u>	<u>503,042</u>	<u>459,442</u>
Total funds available	<u>416,707</u>	<u>572,500</u>	<u>602,832</u>
EXPENDITURES			
General and administrative			
Accounting	41,781	31,000	33,000
Auditing	28,140	6,800	7,500
County Treasurer's Fee	4,567	7,157	6,540
Dues and memberships	1,734	1,827	3,000
Insurance	7,195	14,057	17,000
District management	2,975	3,000	5,000
Legal	15,290	17,000	20,000
Miscellaneous	233	4,000	5,000
Banking fees	362	2,000	2,000
Election	208	-	5,000
Contingency	-	-	4,104
Transfers to District No. 3	224,201	342,269	351,856
Capital projects			
Engineering	4,170	-	-
Capital outlay	16,393	-	-
Total expenditures	<u>347,249</u>	<u>429,110</u>	<u>460,000</u>
Total expenditures and transfers out requiring appropriation	<u>347,249</u>	<u>429,110</u>	<u>460,000</u>
ENDING FUND BALANCES	<u>\$ 69,458</u>	<u>\$ 143,390</u>	<u>\$ 142,832</u>
EMERGENCY RESERVE	\$ 9,800	\$ 15,100	\$ 13,800
AVAILABLE FOR OPERATIONS	59,658	128,290	129,032
TOTAL RESERVE	<u>\$ 69,458</u>	<u>\$ 143,390</u>	<u>\$ 142,832</u>

**MORGAN HILL METROPOLITAN DISTRICT NO. 1
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

In accordance with its Service Plan, Morgan Hill Metropolitan District No. 1 (the “District”) was formed to provide for the planning, design, acquisition, construction, installation, redevelopment, maintenance and financing of the public improvements for a portion of the property known as “Morgan Hill,” which is located in Erie, Colorado. Such public improvements include, but are not limited to, streets, traffic and safety controls, water, storm and sanitary sewer, utilities and parks and recreation improvements.

The Service Plan, as amended in 2017, permits the District to impose a maximum mill levy on the taxable property within its boundaries as a primary source of revenue for the construction and maintenance of public improvements, repayment of debt and operational costs. The Service Plan also provides a combined total debt issuance limitation in an aggregate principal amount not to exceed \$35,000,000 for Morgan Hill Metropolitan District Nos. 1, 2 and 3.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

For property tax collection year 2025, SB22-238, SB23B-001, SB 24-233, and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate	Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%	Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%	Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%	Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%	Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%	State Assessed	27.90%	Lodging	\$30,000
		Oil & Gas Production	87.50%		

**MORGAN HILL METROPOLITAN DISTRICT NO. 1
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 4% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.5%.

Expenditures

General and Administrative

General and administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, and other administrative expenses.

Intergovernmental Transfers

The District is obligated to impose a mill levy which will be sufficient to promptly and fully pay amounts to Morgan Hill Metropolitan District No. 3 ("District No. 3). The District is required to remit property taxes derived from such mill levy, together with specific ownership taxes applicable to property within the District less County Treasurer Fees, to District No. 3. The District anticipates transferring funds to District No. 3, as shown in the General Fund budget for payments on Bonds.

Debt and Leases

The District has no debt or leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.

MORGAN HILL METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/24/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
ASSESSED VALUATION			
Residential	\$ 68,220	\$ 3,935,440	\$ 6,231,330
Commercial	-	-	490
State assessed	69,590	57,120	55,300
Vacant land	975,880	193,860	440
Oil and Gas	5,867,770	7,347,980	3,881,750
Certified Assessed Value	<u>\$ 6,981,460</u>	<u>\$ 11,534,400</u>	<u>\$ 10,169,310</u>
MILL LEVY			
Debt Service	57.220	61.737	58.847
Total mill levy	<u>57.220</u>	<u>61.737</u>	<u>58.847</u>
PROPERTY TAXES			
General	\$ 399,479	\$ 712,099	\$ 598,433
Levied property taxes	399,479	712,099	598,433
Adjustments to actual/rounding	1	(15,327)	-
Refunds and abatements	(797)	(990)	-
Budgeted property taxes	<u>\$ 398,683</u>	<u>\$ 695,782</u>	<u>\$ 598,433</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 398,683</u>	<u>\$ 695,782</u>	<u>\$ 598,433</u>
	<u>\$ 398,683</u>	<u>\$ 695,782</u>	<u>\$ 598,433</u>

**MORGAN HILL METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 37,218	\$ 50,278	\$ 66,164
REVENUES			
Property taxes	398,683	695,782	598,433
Specific ownership taxes	16,989	25,530	23,937
Interest Income	13,059	16,000	2,500
Total revenues	<u>428,731</u>	<u>737,312</u>	<u>624,870</u>
Total funds available	<u>465,949</u>	<u>787,590</u>	<u>691,034</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	5,981	10,668	8,976
Contingency	-	-	630
Transfers to District No. 3	409,690	710,758	613,394
Total expenditures	<u>415,671</u>	<u>721,426</u>	<u>623,000</u>
Total expenditures and transfers out requiring appropriation	<u>415,671</u>	<u>721,426</u>	<u>623,000</u>
ENDING FUND BALANCES	<u>\$ 50,278</u>	<u>\$ 66,164</u>	<u>\$ 68,034</u>
EMERGENCY RESERVE	\$ 600	\$ 700	\$ 300
AVAILABLE FOR OPERATIONS	49,678	65,464	67,734
TOTAL RESERVE	<u>\$ 50,278</u>	<u>\$ 66,164</u>	<u>\$ 68,034</u>

**MORGAN HILL METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

In accordance with its Service Plan, Morgan Hill Metropolitan District No. 2 (the “District”) was formed to provide for the planning, design, acquisition, construction, installation, redevelopment, maintenance and financing of the public improvements for a portion of the property known as “Morgan Hill,” which is located in Erie, Colorado. Such public improvements include, but are not limited to, streets, traffic and safety controls, water, storm and sanitary sewer, utilities and parks and recreation improvements.

The Service Plan, as amended in 2017, permits the District to impose a maximum mill levy on the taxable property within its boundaries as a primary source of revenue for the construction and maintenance of public improvements, repayment of debt and operational costs. The Service Plan also provides a combined total debt issuance limitation in an aggregate principal amount not to exceed \$35,000,000 for Morgan Hill Metropolitan District Nos. 1, 2 and 3.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

For property tax collection year 2025, SB22-238, SB23B-001, SB 24-233, and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%	Lodging	\$30,000
			Oil & Gas Production	87.50%		

**MORGAN HILL METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 4% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.5%.

Expenditures

Intergovernmental Transfers

The District is obligated to impose a mill levy which will be sufficient to promptly and fully pay amounts to Morgan Hill Metropolitan District No. 3 ("District No. 3). The District is required to remit property taxes derived from such mill levy, together with specific ownership taxes applicable to property within the District less County Treasurer Fees, to District No. 3. The District anticipates transferring funds to District No. 3, as shown in the General Fund budget for payments on Bonds.

Debt and Leases

The District has no debt or leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/25

ACTUAL	ESTIMATED	BUDGET
2023	2024	2025

ASSESSED VALUATION

Residential	\$ -	\$ 41,090	\$ 6,155,060
Commercial	-	160	-
Agricultural	10	10	10
State assessed	95,380	24,630	32,310
Vacant land	200,870	1,934,220	503,540
Oil and Gas	13,092,650	14,903,750	8,545,900
Certified Assessed Value	\$ 13,388,910	\$ 16,903,860	\$ 15,236,820

MILL LEVY

Debt Service	57.220	59.467	56.008
Total mill levy	57.220	59.467	56.008

PROPERTY TAXES

General	\$ 766,113	\$ 1,005,222	\$ 853,384
Levied property taxes	766,113	1,005,222	853,384
Adjustments to actual/rounding	-	(16,349)	-
Refunds and abatements	(1,350)	-	-
Budgeted property taxes	\$ 764,763	\$ 988,873	\$ 853,384

BUDGETED PROPERTY TAXES

General	\$ 764,763	\$ 988,873	\$ 853,384
	\$ 764,763	\$ 988,873	\$ 853,384

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 4,510,618	\$ 3,639,837	\$ 3,274,840
REVENUES			
Property taxes	764,763	988,873	853,384
Specific ownership taxes	32,580	36,039	34,135
Interest Income	172,832	150,000	130,000
Transfers from District No. 1	224,201	342,269	351,856
Transfers from District No. 2	409,690	710,758	613,394
Bond issuance proceeds	1,888,621	-	-
Reimbursed expenditures	3	-	-
Other revenue	-	12,064	-
Total revenues	<u>3,492,690</u>	<u>2,240,003</u>	<u>1,982,769</u>
Total funds available	<u>8,003,308</u>	<u>5,879,840</u>	<u>5,257,609</u>
EXPENDITURES			
General, administrative, and operations			
Banking fees	3,007	-	-
Construction management	36,365	45,000	50,000
County Treasurer's Fee	11,472	14,833	12,801
Landscaping	33,716	-	-
Letter of Credit expense	95,529	20,000	20,000
Contingency	-	7,692	9,341
Debt service			
Bond interest - Series 2021A	752,250	752,250	752,250
Bond principal - Series 2021A	-	-	20,000
Bond interest - Series 2021B	46,718	372,938	380,250
Bond interest - Series 2021C	320,540	1,345,287	718,358
Bond principal - Series 2021C	1,465,786	-	-
Paying agent fees	7,000	7,000	7,000
Capital projects			
Capital outlay	1,591,088	40,000	1,525,000
Total expenditures	<u>4,363,471</u>	<u>2,605,000</u>	<u>3,495,000</u>
Total expenditures and transfers out requiring appropriation	<u>4,363,471</u>	<u>2,605,000</u>	<u>3,495,000</u>
ENDING FUND BALANCES	<u>\$ 3,639,837</u>	<u>\$ 3,274,840</u>	<u>\$ 1,762,609</u>
EMERGENCY RESERVE	\$ 48,100	\$ 67,300	\$ 59,500
DEBT SERVICE RESERVE FUND - 2021A	1,375,917	1,375,917	1,375,917
PUBLIC IMPROVEMENTS WARRANTY AVAILABLE FOR OPERATIONS	898,395	898,395	177,000
TOTAL RESERVE	<u>\$ 3,639,837</u>	<u>\$ 3,274,840</u>	<u>\$ 1,762,609</u>

No assurance provided. See summary of significant assumptions.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

In accordance with its Service Plan, Morgan Hill Metropolitan District No. 3 (the “District”) was formed to provide for the planning, design, acquisition, construction, installation, redevelopment, maintenance and financing of the public improvements for a portion of the property known as “Morgan Hill,” which is located in Erie, Colorado. Such public improvements include, but are not limited to, streets, traffic and safety controls, water, storm and sanitary sewer, utilities and parks and recreation improvements.

The Service Plan, as amended in 2017, permits the District to impose a maximum mill levy on the taxable property within its boundaries as a primary source of revenue for the construction and maintenance of public improvements, repayment of debt and operational costs. The Service Plan also provides a combined total debt issuance limitation in an aggregate principal amount not to exceed \$35,000,000 for Morgan Hill Metropolitan District Nos. 1, 2 and 3.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. All activity is accounted for in the General Fund. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

For property tax collection year 2025, SB22-238, SB23B-001, SB 24-233, and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate	Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%	Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%	Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%	Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%	Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%	State Assessed	27.90%	Lodging	\$30,000
		Oil & Gas Production	87.50%		

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 4% of the property taxes collected.

Intergovernmental Transfers

The District anticipates receiving funds from Morgan Hill Metropolitan District Nos. 1 and 2 to be used for payments on Bonds.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.5%.

Expenditures

Debt Service

The District's anticipated debt service payments have been estimated based on the debt service to maturity requirements.

Debt and Leases

On November 10, 2021, the District issued the (i) Series 2021A, General Obligation Refunding and Improvement Bonds in the aggregate principal amount of \$20,030,000; and (ii) Series 2021B, Subordinate General Obligation Refunding and Improvements Bonds in the aggregate principal amount of \$5,850,000 for the purposes of (i) refunding all amounts on the District's Series 2018B Limited Tax Revenue Note Payable; (ii) funding a Project Fund for future capital improvements; (iii) funding a Reserve Fund for the 2021A Senior Bonds; (iv) funding a Capitalized Interest Fund for the 2021A Senior Bonds; and (v) paying costs of issuance in connection with the 2021A Senior Bonds and the 2021B Subordinate Bonds. Pursuant to the Pledge Agreement dated November 1, 2021, District Nos. 1 and 2 are to remit pledged revenues to the District for debt service payments on the 2021A Senior Bonds and 2021B Subordinate Bonds.

On December 9, 2021, the District issued the Series 2021C Junior Lien draw down facility in the maximum aggregate amount of \$5,000,000 for the purpose of funding remaining costs of public improvements. The 2021C junior lien bonds will be repaid from ad valorem revenue associated with oil and gas revenue and a pledge of oil and gas revenue from District Nos. 1 and 2.

The District has no leases.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

Debt Service Reserve

The District maintains a Debt Service Reserve as required by the issuance of the 2021A Senior Bonds.

This information is an integral part of the accompanying budget.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$20,030,000
General Obligation (Limited Tax)
Refunding Bonds and Improvement Bonds
Series 2021A
Dated November 10, 2021
Interest Rate of 3.00-4.00%
Payable June 1 and December 1
Principal due December 1**

Year Ended December 31,	Principal	Interest	Total
2025	\$ 20,000	\$ 752,250	\$ 772,250
2026	220,000	751,650	971,650
2027	285,000	745,050	1,030,050
2028	325,000	736,500	1,061,500
2029	335,000	726,750	1,061,750
2030	380,000	716,700	1,096,700
2031	390,000	705,300	1,095,300
2032	435,000	693,600	1,128,600
2033	450,000	678,375	1,128,375
2034	500,000	662,625	1,162,625
2035	520,000	645,125	1,165,125
2036	570,000	626,925	1,196,925
2037	590,000	606,975	1,196,975
2038	650,000	586,325	1,236,325
2039	670,000	563,575	1,233,575
2040	735,000	540,125	1,275,125
2041	760,000	514,400	1,274,400
2042	825,000	487,800	1,312,800
2043	855,000	454,800	1,309,800
2044	935,000	420,600	1,355,600
2045	970,000	383,200	1,353,200
2046	1,050,000	344,400	1,394,400
2047	1,090,000	302,400	1,392,400
2048	1,180,000	258,800	1,438,800
2049	1,225,000	211,600	1,436,600
2050	1,320,000	162,600	1,482,600
2051	2,745,000	109,800	2,854,800
	<u>\$ 20,030,000</u>	<u>\$ 14,388,250</u>	<u>\$ 34,418,250</u>

EXHIBIT A
2023 Audits

APPLICATION FOR EXEMPTION FROM AUDIT

LONG FORM

NAME OF GOVERNMENT	Morgan Hill Metropolitan District No.1	For the Year Ended 12/31/2024 or fiscal year ended:
ADDRESS	8390 East Crescent Parkway Suite 300 Greenwood Village, CO 80111-2814	
CONTACT PERSON	Shelby Clymer	
PHONE	303-779-5710	
EMAIL	shelby.clymer@clacconnect.com	

CERTIFICATION OF PREPARER

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. I am aware that the Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least \$100,000 but not more than \$750,000, and that independent means someone who is separate from the entity.

NAME:	Shelby Clymer	
TITLE	Accountant For the District	
FIRM NAME (if applicable)	CliftonLarsonAllen LLP	
ADDRESS	8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111-2814	
PHONE	303-779-5710	
RELATIONSHIP TO ENTITY	CPA Firm providing accounting services to the District	

PREPARER (SIGNATURE REQUIRED)

DATE PREPARED
(No exemption shall be granted prior to the close of said fiscal year)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

3/7/2025

Has the entity filed for, or has the district filed, a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]

YES	NO
<input type="checkbox"/>	<input checked="" type="checkbox"/>

If Yes, date filed:

PART 1 - FINANCIAL STATEMENTS - BALANCE SHEET

* Please indicate the name of the fund (i.e., General Fund, Debt Service Fund, etc.)

NOTE: Attach additional sheets as necessary.

Line #	Description	Governmental Funds (Modified Accrual Basis)			Description	Proprietary/Fiduciary Funds (Cash or Budgetary Basis)	
		General	Fund*	Fund*		Fund*	Fund*
Assets							
1-1	Cash & Cash Equivalents	\$ 13,291	\$ -	\$ -	Cash & Cash Equivalents	\$ -	\$ -
1-2	Investments	\$ 158,343	\$ -	\$ -	Investments	\$ -	\$ -
1-3	Receivables	\$ -	\$ -	\$ -	Receivables	\$ -	\$ -
1-4	Due from Other Entities or Funds	\$ -	\$ -	\$ -	Due from Other Entities or Funds	\$ -	\$ -
1-5	Property Tax Receivable	\$ 436,000	\$ -	\$ -	Other Current Assets [specify...]	\$ -	\$ -
	All Other Assets					\$ -	\$ -
1-6	Lease Receivable (as Lessor)	\$ -	\$ -	\$ -	Total Current Assets	\$ -	\$ -
1-7	Prepaid Expense	\$ 2,356	\$ -	\$ -	Capital & Right to Use Assets, net (from Part 6-4)	\$ -	\$ -
1-8	Receivable from County Treasurer	\$ 1,377	\$ -	\$ -	Other Long Term Assets [specify...]	\$ -	\$ -
1-9		\$ -	\$ -	\$ -		\$ -	\$ -
1-10		\$ -	\$ -	\$ -		\$ -	\$ -
1-11	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ 611,367	\$ -	\$ -	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ -	\$ -
Deferred Outflows of Resources:							
1-12	[specify...]	\$ -	\$ -	\$ -	[specify...]	\$ -	\$ -
1-13	[specify...]	\$ -	\$ -	\$ -	[specify...]	\$ -	\$ -
1-14	(add lines 1-12 through 1-13) TOTAL DEFERRED OUTFLOWS	\$ -	\$ -	\$ -	(add lines 1-12 through 1-13) TOTAL DEFERRED OUTFLOWS	\$ -	\$ -
1-15	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 611,367	\$ -	\$ -	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ -	\$ -
Liabilities							
1-16	Accounts Payable	\$ 25,886	\$ -	\$ -	Accounts Payable	\$ -	\$ -
1-17	Accrued Payroll and Related Liabilities	\$ -	\$ -	\$ -	Accrued Payroll and Related Liabilities	\$ -	\$ -
1-18	Unearned Revenue	\$ -	\$ -	\$ -	Accrued Interest Payable	\$ -	\$ -
1-19	Due to Other Entities or Funds	\$ 4,580	\$ -	\$ -	Due to Other Entities or Funds	\$ -	\$ -
1-20	All Other Current Liabilities	\$ -	\$ -	\$ -	All Other Current Liabilities	\$ -	\$ -
1-21	(add lines 1-16 through 1-20) TOTAL CURRENT LIABILITIES	\$ 30,466	\$ -	\$ -	(add lines 1-16 through 1-20) TOTAL CURRENT LIABILITIES	\$ -	\$ -
1-22	All Other Liabilities [specify...]	\$ -	\$ -	\$ -	Proprietary Debt Outstanding (from Part 4-4)	\$ -	\$ -
1-23		\$ -	\$ -	\$ -	Other Liabilities [specify...]	\$ -	\$ -
1-24		\$ -	\$ -	\$ -		\$ -	\$ -
1-25		\$ -	\$ -	\$ -		\$ -	\$ -
1-26		\$ -	\$ -	\$ -		\$ -	\$ -
1-27	(add lines 1-22 through 1-26) TOTAL LIABILITIES	\$ 30,466	\$ -	\$ -	(add lines 1-22 through 1-26) TOTAL LIABILITIES	\$ -	\$ -
Deferred Inflows of Resources:							
1-28	Deferred Property Taxes	\$ 436,000	\$ -	\$ -	Pension/OPEB Related	\$ -	\$ -
1-29	Lease related (as lessor)	\$ -	\$ -	\$ -	Other [specify...]	\$ -	\$ -
1-30	(add lines 1-28 through 1-29) TOTAL DEFERRED INFLOWS	\$ 436,000	\$ -	\$ -	(add lines 1-28 through 1-29) TOTAL DEFERRED INFLOWS	\$ -	\$ -
Fund Balance							
1-31	Nonspendable Prepaid	\$ 2,356	\$ -	\$ -	Net Investment in Capital and Right-to Use Assets	\$ -	\$ -
1-32	Nonspendable Inventory	\$ -	\$ -	\$ -			
1-33	Restricted [TABOR]	\$ 5,000	\$ -	\$ -	Emergency Reserves	\$ -	\$ -
1-34	Committed [specify...]	\$ -	\$ -	\$ -	Other Designations/Reserves	\$ -	\$ -
1-35	Assigned [specify...] Subsequent Year's Expenditures	\$ 588	\$ -	\$ -	Restricted	\$ -	\$ -
1-36	Unassigned:	\$ 136,987	\$ -	\$ -	Undesignated/Unreserved/Unrestricted	\$ -	\$ -
1-37	Add lines 1-31 through 1-36 This total should be the same as line 3-36 TOTAL FUND BALANCE	\$ 144,901	\$ -	\$ -	Add lines 1-31 through 1-36 This total should be the same as line 3-36 TOTAL NET POSITION	\$ -	\$ -
1-38	Add lines 1-27, 1-30 and 1-37 This total should be the same as line 1-15 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 611,367	\$ -	\$ -	Add lines 1-27, 1-30 and 1-37 This total should be the same as line 1-15 TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ -	\$ -

Please use this space to provide explanation of any item on this page

PART 2 - FINANCIAL STATEMENTS - OPERATING STATEMENT - REVENUES

Line #	Description	Governmental Funds			Description	Proprietary/Fiduciary Funds	
		General	Fund*	Fund*		Fund*	Fund*
Tax Revenue					Tax Revenue		
2-1	Property [include mills levied in question 10-7]	\$ 463,343	\$ -	\$ -	Property [include mills levied in question 10-7]	\$ -	\$ -
2-2	Specific Ownership	\$ 16,779	\$ -	\$ -	Specific Ownership	\$ -	\$ -
2-3	Sales and Use Tax	\$ -	\$ -	\$ -	Sales and Use Tax	\$ -	\$ -
2-4	Other Tax Revenue [specify...]	\$ -	\$ -	\$ -	Other Tax Revenue [specify...]	\$ -	\$ -
2-5		\$ -	\$ -	\$ -		\$ -	\$ -
2-6		\$ -	\$ -	\$ -		\$ -	\$ -
2-7		\$ -	\$ -	\$ -		\$ -	\$ -
2-8	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ 480,122	\$ -	\$ -	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ -	\$ -
2-9	Licenses and Permits	\$ -	\$ -	\$ -	Licenses and Permits	\$ -	\$ -
2-10	Highway Users Tax Funds (HUTF)	\$ -	\$ -	\$ -	Highway Users Tax Funds (HUTF)	\$ -	\$ -
2-11	Conservation Trust Funds (Lottery)	\$ -	\$ -	\$ -	Conservation Trust Funds (Lottery)	\$ -	\$ -
2-12	Community Development Block Grant	\$ -	\$ -	\$ -	Community Development Block Grant	\$ -	\$ -
2-13	Fire & Police Pension	\$ -	\$ -	\$ -	Fire & Police Pension	\$ -	\$ -
2-14	Grants	\$ -	\$ -	\$ -	Grants	\$ -	\$ -
2-15	Donations	\$ -	\$ -	\$ -	Donations	\$ -	\$ -
2-16	Charges for Sales and Services	\$ -	\$ -	\$ -	Charges for Sales and Services	\$ -	\$ -
2-17	Rental Income	\$ -	\$ -	\$ -	Rental Income	\$ -	\$ -
2-18	Fines and Forfeits	\$ -	\$ -	\$ -	Fines and Forfeits	\$ -	\$ -
2-19	Interest/Investment Income	\$ 24,293	\$ -	\$ -	Interest/Investment Income	\$ -	\$ -
2-20	Tap Fees	\$ -	\$ -	\$ -	Tap Fees	\$ -	\$ -
2-21	Proceeds from Sale of Capital Assets	\$ -	\$ -	\$ -	Proceeds from Sale of Capital Assets	\$ -	\$ -
2-22	All Other [specify...]	\$ -	\$ -	\$ -	All Other [specify...]	\$ -	\$ -
2-23		\$ -	\$ -	\$ -		\$ -	\$ -
2-24	Add lines 2-9 through 2-23 TOTAL REVENUES	\$ 504,415	\$ -	\$ -	Add lines 2-9 through 2-23 TOTAL REVENUES	\$ -	\$ -
Other Financing Sources					Other Financing Sources		
2-25	Debt Proceeds	\$ -	\$ -	\$ -	Debt Proceeds	\$ -	\$ -
2-26	Lease Proceeds	\$ -	\$ -	\$ -	Lease Proceeds	\$ -	\$ -
2-27	Developer Advances	\$ -	\$ -	\$ -	Developer Advances	\$ -	\$ -
2-28	Other [specify...]	\$ -	\$ -	\$ -	Other [specify...]	\$ -	\$ -
2-29	Add lines 2-25 through 2-28 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	Add lines 2-25 through 2-28 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -
2-30	Add lines 2-24 and 2-29 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 504,415	\$ -	\$ -	Add lines 2-24 and 2-29 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ -	\$ -
2-31					GRAND TOTALS (ALL FUNDS)	\$ 504,415	\$ -

IF GRAND TOTAL REVENUES AND OTHER FINANCING SOURCES FOR ALL FUNDS (LINE 2-31) ARE GREATER THAN \$750,000 STOP.
 You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

Please use this space to provide explanation of any item on this page

PART 3 - FINANCIAL STATEMENTS - OPERATING STATEMENT - EXPENDITURES/EXPENSES

Line #	Description	Governmental Funds			Description	Proprietary/Fiduciary Funds	
		General	Fund*	Fund*		Fund*	Fund*
	Expenditures				Expenses		
3-1	General Government	\$ 84,666	\$ -	\$ -	General Operating & Administrative	\$ -	\$ -
3-2	Judicial	\$ -	\$ -	\$ -	Salaries	\$ -	\$ -
3-3	Law Enforcement	\$ -	\$ -	\$ -	Payroll Taxes	\$ -	\$ -
3-4	Fire	\$ -	\$ -	\$ -	Contract Services	\$ -	\$ -
3-5	Highways & Streets	\$ -	\$ -	\$ -	Employee Benefits	\$ -	\$ -
3-6	Solid Waste	\$ -	\$ -	\$ -	Insurance	\$ -	\$ -
3-7	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -	\$ -	Accounting and Legal Fees	\$ -	\$ -
3-8	Health	\$ -	\$ -	\$ -	Repair and Maintenance	\$ -	\$ -
3-9	Culture and Recreation	\$ -	\$ -	\$ -	Supplies	\$ -	\$ -
3-10	Transfers to other districts	\$ 337,118	\$ -	\$ -	Utilities	\$ -	\$ -
3-11	Other [specify...]	\$ -	\$ -	\$ -	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -
3-12	County Treasurer's fees	\$ 7,189	\$ -	\$ -	Other [specify...]	\$ -	\$ -
3-13		\$ -	\$ -	\$ -		\$ -	\$ -
3-14	Capital Outlay	\$ -	\$ -	\$ -	Capital Outlay	\$ -	\$ -
	Debt Service				Debt Service		
3-15	Principal (should match amount in 4-4)	\$ -	\$ -	\$ -	Principal (should match amount in 4-4)	\$ -	\$ -
3-16	Interest	\$ -	\$ -	\$ -	Interest	\$ -	\$ -
3-17	Bond Issuance Costs	\$ -	\$ -	\$ -	Bond Issuance Costs	\$ -	\$ -
3-18	Developer Principal Repayments	\$ -	\$ -	\$ -	Developer Principal Repayments	\$ -	\$ -
3-19	Developer Interest Repayments	\$ -	\$ -	\$ -	Developer Interest Repayments	\$ -	\$ -
3-20	All Other [specify...]	\$ -	\$ -	\$ -	All Other [specify...]	\$ -	\$ -
3-21		\$ -	\$ -	\$ -		\$ -	\$ -
3-22		\$ -	\$ -	\$ -		\$ -	\$ -
3-23		\$ -	\$ -	\$ -		\$ -	\$ -
3-24	Add lines 3-1 through 3-23 TOTAL EXPENDITURES	\$ 428,973	\$ -	\$ -	Add lines 3-1 through 3-23 TOTAL EXPENSES	\$ -	\$ -
3-25					GRAND TOTAL (ALL FUNDS)	\$ 428,973	
3-26	Interfund Transfers (In)	\$ -	\$ -	\$ -	Net Interfund Transfers (In) Out	\$ -	\$ -
3-27	Interfund Transfers Out	\$ -	\$ -	\$ -	Other [specify...][enter negative for expense]	\$ -	\$ -
3-28	Other Expenditures (Revenues)	\$ -	\$ -	\$ -	Depreciation/Amortization	\$ -	\$ -
3-29		\$ -	\$ -	\$ -	Other Financing Sources (from line 2-28)	\$ -	\$ -
3-30		\$ -	\$ -	\$ -	Capital Outlay (from line 3-14)	\$ -	\$ -
3-31		\$ -	\$ -	\$ -	Debt Principal (from line 3-15, 3-18)	\$ -	\$ -
3-32	(Add lines 3-26 through 3-31) TOTAL TRANSFERS AND OTHER EXPENDITURES	\$ -	\$ -	\$ -	(Add lines 3-27, 3-30, and 3-31, subtract lines 3-28 and 3-29) TOTAL GAAP RECONCILING ITEMS	\$ -	\$ -
3-33	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures Line 2-30, less line 3-24, less line 3-32	\$ 75,443	\$ -	\$ -	Net Increase (Decrease) in Net Position Line 2-30, less line 3-24, plus line 3-32, less line 3-26	\$ -	\$ -
3-34	Fund Balance, January 1 from December 31 prior year report	\$ 69,458	\$ -	\$ -	Net Position, January 1 from December 31 prior year report	\$ -	\$ -
3-35	Prior Period Adjustment (MUST explain)	\$ -	\$ -	\$ -	Prior Period Adjustment (MUST explain)	\$ -	\$ -
3-36	Fund Balance, December 31 Sum of Lines 3-33, 3-34, and 3-35 This total should be the same as line 1-37.	\$ 144,901	\$ -	\$ -	Net Position, December 31 Sum of Lines 3-33, 3-34, and 3-35 This total should be the same as line 1-37.	\$ -	\$ -

IF GRAND TOTAL EXPENDITURES FOR ALL FUNDS (Line 3-25) ARE THAN \$750,000 - STOP.
 You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

Please use this space to provide explanation of any item on this page

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.		Yes	No	Please use this space to provide any explanations or comments	
4-1	Does the entity have outstanding debt? <i>(If 'No' is checked, skip to question 4-5)</i> <i>(If 'Yes' is checked, please attach a copy of the entity's debt repayment schedule)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2	Is the debt repayment schedule attached? If no, MUST explain: N/A. The District has no debt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3	Is the entity current in its debt service payments? If no, MUST explain: N/A. The District has no debt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4	Please complete the following debt schedule, if applicable: <i>(please only include principal amounts)</i> <i>(enter all amounts as positive numbers)</i>				
		Outstanding at end of prior year	Issued during year	Retired during year	Outstanding at year-end
	General obligation bonds	\$ -	\$ -	\$ -	\$ -
	Revenue bonds	\$ -	\$ -	\$ -	\$ -
	Notes/Loans	\$ -	\$ -	\$ -	\$ -
	Lease & SBITA** Liabilities (GASB 87 & 96)	\$ -	\$ -	\$ -	\$ -
	Developer Advances	\$ -	\$ -	\$ -	\$ -
	Other (specify):	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -

**Subscription-Based Information Technology Arrangements **Must agree to prior year-end balance

Please answer the following questions by marking the appropriate boxes.		Yes	No
4-5	Does the entity have any authorized but unissued debt as of its fiscal year-end [Section 29-1-605(2) C.R.S.]?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much? Date the debt was authorized:		
	\$ 119,000,000 11/4/2008		
NEW 4-6	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much? Date of the most recent Service Plan:		
	\$ 35,000,000 7/25/2017		
4-7	Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	How much?		
	\$ -		
4-8	Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is the amount outstanding?		
	\$ -		
4-9	Does the entity have any lease agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments?		
		<input type="checkbox"/>	<input type="checkbox"/>
	\$ -		

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.		Amount	Total	Please use this space to provide any explanations or comments
5-1	YEAR-END Total of ALL Checking and Savings accounts	\$ 13,291		
5-2	Certificates of deposit	\$ -		
	TOTAL CASH DEPOSITS		\$ 13,291	
5-3	Investments <i>(if investment is a mutual fund, please list underlying investments):</i>			
	Colorado Surplus Asset Fund Trust (CSAFE)	\$ 158,343		
		\$ -		
		\$ -		
		\$ -		
	TOTAL INVESTMENTS		\$ 158,343	
	TOTAL CASH AND INVESTMENTS		\$ 171,634	

Please answer the following questions by marking in the appropriate box.		Yes	No	N/A
5-4	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? If no, MUST explain:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate box. Yes No

- 6-1 Does the entity have capitalized assets? Yes No
(If 'No' is checked, skip the rest of Part 6)
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, **MUST** explain: Yes No

Please use this space to provide any explanations or comments

6-3 Complete the following Capital & Right-To-Use Assets table for GOVERNMENTAL FUNDS:

	Balance - beginning of the year	Additions*	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ 67,616	\$ -	\$ -	\$ 67,616
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Intangible Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Amortization Right to Use Assets (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 67,616	\$ -	\$ -	\$ 67,616

6-4 Complete the following Capital & Right-To-Use Assets table for PROPRIETARY FUNDS:

	Balance - beginning of the year	Additions*	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Intangible Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Amortization Right to Use Assets (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

* Must agree to prior year-end balance
 ^ Generally capital asset additions should be reported as capital outlay on line 3-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate box. Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No

Please use this space to provide any explanations or comments

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

PART 8 - BUDGET INFORMATION								
Please answer the following question by marking in the appropriate box.				Yes	No	N/A	Please use this space to provide any explanations or comments	
8-1	Did the entity file a current year budget with the Department of Local Affairs, in accordance with Section 29-1-113 C.R.S.? If no, MUST explain:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8-2	Did the entity pass an appropriations resolution in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
If yes: Please indicate the amount appropriated for each fund separately for the year reported (Please make sure each individual fund's appropriation agrees to how the budget was adopted. Do not combine funds)								
Governmental/Proprietary Fund Name		Total Appropriations By Fund						
Amended General Fund		\$	429,110					
		\$	-					
		\$	-					
		\$	-					
		\$	-					

PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)						
Please answer the following question by marking in the appropriate box.				Yes	No	Please use this space to provide any explanations or comments
9-1	Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? <small>Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

PART 10 - GENERAL INFORMATION							
Please answer the following questions by marking in the appropriate box.				Yes	No	Please use this space to provide any explanations or comments	
10-1	Is this application for a newly formed governmental entity? If yes: Date of formation: <input style="width: 100%;" type="text"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
10-2	Has the entity changed its name in the past or current year? If yes: Please list the NEW name: <input style="width: 100%;" type="text"/> Please list the PRIOR name: <input style="width: 100%;" type="text"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
10-3	Is the entity a metropolitan district?	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
10-4	Please indicate what services the entity provides: <input style="width: 100%; height: 20px;" type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
10-5	Does the entity have an agreement with another government to provide services? If yes: List the name of the other governmental entity and the services provided: <input style="width: 100%; height: 20px;" type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
10-6	Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.] If yes: Date filed: <input style="width: 100%;" type="text"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
10-7	Does the entity have a certified mill levy? If yes: Please provide the number of <u>mills</u> levied for the year reported (do not report \$ amounts):	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
		Bond redemption mills	-				
		General/other mills	63.673				
		Total mills	63.673				
		Yes	No	N/A			
10-8	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 [Section 32-1-207 C.R.S.]? If NO , please explain. <input style="width: 100%; height: 30px;" type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

Please use this space to provide any additional explanations or comments not previously included

10-4: The District was established to provide financing for the design, acquisition, construction, and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, park and recreation, water, mosquito and pest control and sanitation facilities, generally located in the collector roadway system, services and programs.
10-5: Morgan Hill Metropolitan District Nos. 2 and 3. The District serves as the operating District and District Nos. 2 and 3 serve as the financing Districts.

OSA USE ONLY						
Entity Wide:		General Fund		Governmental Funds		
Unrestricted Cash & Investments	\$ 171,634	Unrestricted Fund Balan	\$ 137,545	Total Tax Revenue	\$ 480,122	
Current Liabilities	\$ 30,466	Total Fund Balance	\$ 144,901	Revenue Paying Debt Service	\$ -	
Deferred Inflow	\$ 436,000	PY Fund Balance	\$ 69,458	Total Revenue	\$ 504,415	
		Total Revenue	\$ 504,415	Total Debt Service Principal	\$ -	
		Total Expenditures	\$ 428,973	Total Debt Service Interest	\$ -	
				Total Assets	\$ 611,367	
		Interfund In	\$ -	Total Liabilities	\$ 30,466	
		Interfund Out	\$ -			
Governmental		Proprietary		Enterprise Funds		
Total Cash & Investments	\$ 171,634	- Current Assets	\$ -	- Net Position	\$ -	
Transfers In	\$ -	- Deferred Outflow	\$ -	- PY Net Position	\$ -	
Transfers Out	\$ -	Current Liabilities	\$ -	Government-Wide		
Property Tax	\$ 463,343	- Deferred Inflow	\$ -	- Total Outstanding Debt	\$ -	
Debt Service Principal	\$ -	Cash & Investments	\$ -	- Authorized but Unissued	\$ 119,000,000	
Total Expenditures	\$ 428,973	- Principal Expense	\$ -	- Year Authorized	\$ 11/4/2008	
Total Developer Advances	\$ -	- Total Expenses	\$ -			
Total Developer Repayments	\$ -					

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box.

Yes No

11-1 If you plan to submit this form electronically, have you read the Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signature Policy and Procedures

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following two methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Below is the certification and approval of the governing body. By signing, each individual member is certifying they are a duly elected or appointed officer of the local government. Governing members may be verified. Also by signing, the individual member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenues and expenditures of more than \$100,000 but not more than \$750,000 must have an application prepared by an independent accountant with knowledge of governmental accounting; completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

Print or type the names of ALL members of the governing body below. A MAJORITY of the members of the governing body must sign below.

Board Member 1	Board Member's Name:	Jon Lee
1	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	DocuSigned by:  Signature _____ Date <u>3/25/2025</u>
My term expires: May 2025		
Board Member 2	Board Member's Name:	Jessica Brothers
2	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	DocuSigned by:  Signature _____ Date <u>3/25/2025</u>
My term expires: May 2027		
Board Member 3	Board Member's Name:	_____
3	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
My term expires: _____		Date _____
Board Member 4	Board Member's Name:	_____
4	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
My term expires: _____		Date _____
Board Member 5	Board Member's Name:	_____
5	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
My term expires: _____		Date _____
Board Member 6	Board Member's Name:	_____
6	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
My term expires: _____		Date _____
Board Member 7	Board Member's Name:	_____
7	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
My term expires: _____		Date _____



CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111
phone 303-779-5710 **fax** 303-779-0348
claconnect.com

Accountant's Compilation Report

Board of Directors
Morgan Hill Metropolitan District No.1
Weld County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Morgan Hill Metropolitan District No. 1 as of and for the year ended December 31, 2024, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Morgan Hill Metropolitan District No. 1.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 7, 2025

Certificate Of Completion

Envelope Id: CD338FE9-59C0-4A71-8D33-14E9AF4FDBE1	Status: Completed
Subject: Complete with Docusign: 00 D1 MHMD1 2024 Audit Exemption.pdf	
Client Name: Morgan Hill Metro District No. 1	
Client Number: A509006	
Source Envelope:	
Document Pages: 10	Signatures: 2
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Ling Chen
Time Zone: (UTC-06:00) Central Time (US & Canada)	220 S 6th St Ste 300
	Minneapolis, MN 55402-1418
	Ling.Chen@claconnect.com
	IP Address: 4.2.161.250

Record Tracking

Status: Original	Holder: Ling Chen	Location: DocuSign
3/25/2025 4:12:08 PM	Ling.Chen@claconnect.com	

Signer Events

Jessica Brothers
 jessica@cdgcolorado.com
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

 EE646C3BB1ED474...
 Signature Adoption: Uploaded Signature Image
 Using IP Address: 65.155.157.50

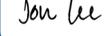
Timestamp

Sent: 3/25/2025 4:15:38 PM
 Viewed: 3/25/2025 4:37:08 PM
 Signed: 3/25/2025 4:38:47 PM

Electronic Record and Signature Disclosure:

Accepted: 3/25/2025 4:37:08 PM
 ID: 94bbc600-2226-4393-bd56-68263d6378db

Jon Lee
 jonlee@cdgcolorado.com
 Authorized representative
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 0D56E84E07B04E7...
 Signature Adoption: Pre-selected Style
 Using IP Address: 65.155.157.50

Sent: 3/25/2025 4:15:37 PM
 Viewed: 3/25/2025 5:48:00 PM
 Signed: 3/25/2025 5:48:15 PM

Electronic Record and Signature Disclosure:

Accepted: 3/25/2025 5:48:00 PM
 ID: ee450d07-9759-49e3-acd7-568e139cb1ec

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/25/2025 4:15:38 PM
Certified Delivered	Security Checked	3/25/2025 5:48:00 PM
Signing Complete	Security Checked	3/25/2025 5:48:15 PM
Completed	Security Checked	3/25/2025 5:48:15 PM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact CliftonLarsonAllen LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

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To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

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To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

APPLICATION FOR EXEMPTION FROM AUDIT

LONG FORM

NAME OF GOVERNMENT	Morgan Hill Metropolitan District No. 2	For the Year Ended 12/31/2024 or fiscal year ended:
ADDRESS	8390 East Crescent Parkway Suite 300 Greenwood Village, CO 80111-2814	
CONTACT PERSON	Shelby Clymer	
PHONE	303-779-5710	
EMAIL	shelby.clymer@clacconnect.com	

CERTIFICATION OF PREPARER

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. I am aware that the Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least \$100,000 but not more than \$750,000, and that independent means someone who is separate from the entity.

NAME:	Shelby Clymer
TITLE	Accountant For the District
FIRM NAME (if applicable)	CliftonLarsonAllen LLP
ADDRESS	8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111-2814
PHONE	303-779-5710
RELATIONSHIP TO ENTITY	CPA Firm providing accounting services to the District

PREPARER (SIGNATURE REQUIRED)

DATE PREPARED
(No exemption shall be granted prior to the close of said fiscal year)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

3/7/2025

Has the entity filed for, or has the district filed, a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]

YES	NO
<input type="checkbox"/>	<input checked="" type="checkbox"/>

If Yes, date filed:

PART 1 - FINANCIAL STATEMENTS - BALANCE SHEET

* Please indicate the name of the fund (i.e., General Fund, Debt Service Fund, etc.)

NOTE: Attach additional sheets as necessary.

Line #	Description	Governmental Funds (Modified Accrual Basis)			Description	Proprietary/Fiduciary Funds (Cash or Budgetary Basis)	
		General	Fund*	Fund*		Fund*	Fund*
Assets							
1-1	Cash & Cash Equivalents	\$ 42,661	\$ -	\$ -	Cash & Cash Equivalents	\$ -	\$ -
1-2	Investments	\$ -	\$ -	\$ -	Investments	\$ -	\$ -
1-3	Receivables	\$ -	\$ -	\$ -	Receivables	\$ -	\$ -
1-4	Due from Other Entities or Funds	\$ 18,894	\$ -	\$ -	Due from Other Entities or Funds	\$ -	\$ -
1-5	Property Tax Receivable	\$ 598,433	\$ -	\$ -	Other Current Assets [specify...]	\$ -	\$ -
	All Other Assets					\$ -	\$ -
1-6	Lease Receivable (as Lessor)	\$ -	\$ -	\$ -	Total Current Assets	\$ -	\$ -
1-7	Receivable from County Treasurer	\$ 2,115	\$ -	\$ -	Capital & Right to Use Assets, net (from Part 6-4)	\$ -	\$ -
1-8		\$ -	\$ -	\$ -	Other Long Term Assets [specify...]	\$ -	\$ -
1-9		\$ -	\$ -	\$ -		\$ -	\$ -
1-10		\$ -	\$ -	\$ -		\$ -	\$ -
1-10		\$ -	\$ -	\$ -		\$ -	\$ -
1-11	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ 662,103	\$ -	\$ -	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ -	\$ -
Deferred Outflows of Resources:							
1-12	[specify...]	\$ -	\$ -	\$ -	[specify...]	\$ -	\$ -
1-13	[specify...]	\$ -	\$ -	\$ -	[specify...]	\$ -	\$ -
1-14	(add lines 1-12 through 1-13) TOTAL DEFERRED OUTFLOWS	\$ -	\$ -	\$ -	(add lines 1-12 through 1-13) TOTAL DEFERRED OUTFLOWS	\$ -	\$ -
1-15	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 662,103	\$ -	\$ -	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ -	\$ -
Liabilities							
1-16	Accounts Payable	\$ -	\$ -	\$ -	Accounts Payable	\$ -	\$ -
1-17	Accrued Payroll and Related Liabilities	\$ -	\$ -	\$ -	Accrued Payroll and Related Liabilities	\$ -	\$ -
1-18	Unearned Revenue	\$ -	\$ -	\$ -	Accrued Interest Payable	\$ -	\$ -
1-19	Due to Other Entities or Funds	\$ -	\$ -	\$ -	Due to Other Entities or Funds	\$ -	\$ -
1-20	All Other Current Liabilities	\$ -	\$ -	\$ -	All Other Current Liabilities	\$ -	\$ -
1-21	(add lines 1-16 through 1-20) TOTAL CURRENT LIABILITIES	\$ -	\$ -	\$ -	(add lines 1-16 through 1-20) TOTAL CURRENT LIABILITIES	\$ -	\$ -
1-22	All Other Liabilities [specify...]	\$ -	\$ -	\$ -	Proprietary Debt Outstanding (from Part 4-4)	\$ -	\$ -
1-23		\$ -	\$ -	\$ -	Other Liabilities [specify...]	\$ -	\$ -
1-24		\$ -	\$ -	\$ -		\$ -	\$ -
1-25		\$ -	\$ -	\$ -		\$ -	\$ -
1-26		\$ -	\$ -	\$ -		\$ -	\$ -
1-27	(add lines 1-22 through 1-26) TOTAL LIABILITIES	\$ -	\$ -	\$ -	(add lines 1-22 through 1-26) TOTAL LIABILITIES	\$ -	\$ -
Deferred Inflows of Resources:							
1-28	Deferred Property Taxes	\$ 598,433	\$ -	\$ -	Pension/OPEB Related	\$ -	\$ -
1-29	Lease related (as lessor)	\$ -	\$ -	\$ -	Other [specify...]	\$ -	\$ -
1-30	(add lines 1-28 through 1-29) TOTAL DEFERRED INFLOWS	\$ 598,433	\$ -	\$ -	(add lines 1-28 through 1-29) TOTAL DEFERRED INFLOWS	\$ -	\$ -
Fund Balance							
1-31	Nonspendable Prepaid	\$ -	\$ -	\$ -	Net Investment in Capital and Right-to Use Assets	\$ -	\$ -
1-32	Nonspendable Inventory	\$ -	\$ -	\$ -			
1-33	Restricted [TABOR]	\$ 500	\$ -	\$ -	Emergency Reserves	\$ -	\$ -
1-34	Committed [specify...]	\$ -	\$ -	\$ -	Other Designations/Reserves	\$ -	\$ -
1-35	Assigned [specify...]	\$ -	\$ -	\$ -	Restricted	\$ -	\$ -
1-36	Unassigned:	\$ 63,170	\$ -	\$ -	Undesignated/Unreserved/Unrestricted	\$ -	\$ -
1-37	Add lines 1-31 through 1-36 This total should be the same as line 3-36 TOTAL FUND BALANCE	\$ 63,670	\$ -	\$ -	Add lines 1-31 through 1-36 This total should be the same as line 3-36 TOTAL NET POSITION	\$ -	\$ -
1-38	Add lines 1-27, 1-30 and 1-37 This total should be the same as line 1-15 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 662,103	\$ -	\$ -	Add lines 1-27, 1-30 and 1-37 This total should be the same as line 1-15 TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ -	\$ -

Please use this space to provide explanation of any item on this page

PART 2 - FINANCIAL STATEMENTS - OPERATING STATEMENT - REVENUES

Line #	Description	Governmental Funds			Description	Proprietary/Fiduciary Funds	
		General	Fund*	Fund*		Fund*	Fund*
Tax Revenue					Tax Revenue		
2-1	Property [include mills levied in question 10-7]	\$ 695,782	\$ -	\$ -	Property [include mills levied in question 10-7]	\$ -	\$ -
2-2	Specific Ownership	\$ 25,780	\$ -	\$ -	Specific Ownership	\$ -	\$ -
2-3	Sales and Use Tax	\$ -	\$ -	\$ -	Sales and Use Tax	\$ -	\$ -
2-4	Other Tax Revenue [specify...]	\$ -	\$ -	\$ -	Other Tax Revenue [specify...]	\$ -	\$ -
2-5		\$ -	\$ -	\$ -		\$ -	\$ -
2-6		\$ -	\$ -	\$ -		\$ -	\$ -
2-7		\$ -	\$ -	\$ -		\$ -	\$ -
2-8	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ 721,562	\$ -	\$ -	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ -	\$ -
2-9	Licenses and Permits	\$ -	\$ -	\$ -	Licenses and Permits	\$ -	\$ -
2-10	Highway Users Tax Funds (HUTF)	\$ -	\$ -	\$ -	Highway Users Tax Funds (HUTF)	\$ -	\$ -
2-11	Conservation Trust Funds (Lottery)	\$ -	\$ -	\$ -	Conservation Trust Funds (Lottery)	\$ -	\$ -
2-12	Community Development Block Grant	\$ -	\$ -	\$ -	Community Development Block Grant	\$ -	\$ -
2-13	Fire & Police Pension	\$ -	\$ -	\$ -	Fire & Police Pension	\$ -	\$ -
2-14	Grants	\$ -	\$ -	\$ -	Grants	\$ -	\$ -
2-15	Donations	\$ -	\$ -	\$ -	Donations	\$ -	\$ -
2-16	Charges for Sales and Services	\$ -	\$ -	\$ -	Charges for Sales and Services	\$ -	\$ -
2-17	Rental Income	\$ -	\$ -	\$ -	Rental Income	\$ -	\$ -
2-18	Fines and Forfeits	\$ -	\$ -	\$ -	Fines and Forfeits	\$ -	\$ -
2-19	Interest/Investment Income	\$ 13,506	\$ -	\$ -	Interest/Investment Income	\$ -	\$ -
2-20	Tap Fees	\$ -	\$ -	\$ -	Tap Fees	\$ -	\$ -
2-21	Proceeds from Sale of Capital Assets	\$ -	\$ -	\$ -	Proceeds from Sale of Capital Assets	\$ -	\$ -
2-22	All Other [specify...]	\$ -	\$ -	\$ -	All Other [specify...]	\$ -	\$ -
2-23		\$ -	\$ -	\$ -		\$ -	\$ -
2-24	Add lines 2-9 through 2-23 TOTAL REVENUES	\$ 735,068	\$ -	\$ -	Add lines 2-9 through 2-23 TOTAL REVENUES	\$ -	\$ -
Other Financing Sources					Other Financing Sources		
2-25	Debt Proceeds	\$ -	\$ -	\$ -	Debt Proceeds	\$ -	\$ -
2-26	Lease Proceeds	\$ -	\$ -	\$ -	Lease Proceeds	\$ -	\$ -
2-27	Developer Advances	\$ -	\$ -	\$ -	Developer Advances	\$ -	\$ -
2-28	Other [specify...]	\$ -	\$ -	\$ -	Other [specify...]	\$ -	\$ -
2-29	Add lines 2-25 through 2-28 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	Add lines 2-25 through 2-28 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -
2-30	Add lines 2-24 and 2-29 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 735,068	\$ -	\$ -	Add lines 2-24 and 2-29 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ -	\$ -
2-31					GRAND TOTALS (ALL FUNDS)	\$ 735,068	\$ -

IF GRAND TOTAL REVENUES AND OTHER FINANCING SOURCES FOR ALL FUNDS (LINE 2-31) ARE GREATER THAN \$750,000 STOP.
 You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

Please use this space to provide explanation of any item on this page

PART 3 - FINANCIAL STATEMENTS - OPERATING STATEMENT - EXPENDITURES/EXPENSES

Line #	Description	Governmental Funds			Description	Proprietary/Fiduciary Funds	
		General	Fund*	Fund*		Fund*	Fund*
	Expenditures				Expenses		
3-1	General Government	\$ -	\$ -	\$ -	General Operating & Administrative	\$ -	\$ -
3-2	Judicial	\$ -	\$ -	\$ -	Salaries	\$ -	\$ -
3-3	Law Enforcement	\$ -	\$ -	\$ -	Payroll Taxes	\$ -	\$ -
3-4	Fire	\$ -	\$ -	\$ -	Contract Services	\$ -	\$ -
3-5	Highways & Streets	\$ -	\$ -	\$ -	Employee Benefits	\$ -	\$ -
3-6	Solid Waste	\$ -	\$ -	\$ -	Insurance	\$ -	\$ -
3-7	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -	\$ -	Accounting and Legal Fees	\$ -	\$ -
3-8	Health	\$ -	\$ -	\$ -	Repair and Maintenance	\$ -	\$ -
3-9	Culture and Recreation	\$ -	\$ -	\$ -	Supplies	\$ -	\$ -
3-10	Transfers to other districts	\$ 711,008	\$ -	\$ -	Utilities	\$ -	\$ -
3-11	Other [specify...]	\$ -	\$ -	\$ -	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -
3-12	County Treasurer's fees	\$ 10,668	\$ -	\$ -	Other [specify...]	\$ -	\$ -
3-13		\$ -	\$ -	\$ -		\$ -	\$ -
3-14	Capital Outlay	\$ -	\$ -	\$ -	Capital Outlay	\$ -	\$ -
	Debt Service				Debt Service		
3-15	Principal (should match amount in 4-4)	\$ -	\$ -	\$ -	Principal (should match amount in 4-4)	\$ -	\$ -
3-16	Interest	\$ -	\$ -	\$ -	Interest	\$ -	\$ -
3-17	Bond Issuance Costs	\$ -	\$ -	\$ -	Bond Issuance Costs	\$ -	\$ -
3-18	Developer Principal Repayments	\$ -	\$ -	\$ -	Developer Principal Repayments	\$ -	\$ -
3-19	Developer Interest Repayments	\$ -	\$ -	\$ -	Developer Interest Repayments	\$ -	\$ -
3-20	All Other [specify...]	\$ -	\$ -	\$ -	All Other [specify...]	\$ -	\$ -
3-21		\$ -	\$ -	\$ -		\$ -	\$ -
3-22		\$ -	\$ -	\$ -		\$ -	\$ -
3-23		\$ -	\$ -	\$ -		\$ -	\$ -
3-24	Add lines 3-1 through 3-23	\$ 721,676	\$ -	\$ -	Add lines 3-1 through 3-23	\$ -	\$ -
	TOTAL EXPENDITURES				TOTAL EXPENSES		
3-25					GRAND TOTAL (ALL FUNDS)	\$ 721,676	
3-26	Interfund Transfers (In)	\$ -	\$ -	\$ -	Net Interfund Transfers (In) Out	\$ -	\$ -
3-27	Interfund Transfers Out	\$ -	\$ -	\$ -	Other [specify...][enter negative for expense]	\$ -	\$ -
3-28	Other Expenditures (Revenues)	\$ -	\$ -	\$ -	Depreciation/Amortization	\$ -	\$ -
3-29		\$ -	\$ -	\$ -	Other Financing Sources (from line 2-28)	\$ -	\$ -
3-30		\$ -	\$ -	\$ -	Capital Outlay (from line 3-14)	\$ -	\$ -
3-31		\$ -	\$ -	\$ -	Debt Principal (from line 3-15, 3-18)	\$ -	\$ -
3-32	(Add lines 3-26 through 3-31)	TOTAL			(Add lines 3-27, 3-30, and 3-31, subtract lines 3-28		
	TRANSFERS AND OTHER EXPENDITURES	\$ -	\$ -	\$ -	and 3-29) TOTAL GAAP RECONCILING ITEMS	\$ -	\$ -
3-33	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures Line 2-30, less line 3-24, less line 3-32	\$ 13,392	\$ -	\$ -	Net Increase (Decrease) in Net Position Line 2-30, less line 3-24, plus line 3-32, less line 3-26	\$ -	\$ -
3-34	Fund Balance, January 1 from December 31 prior year report	\$ 50,278	\$ -	\$ -	Net Position, January 1 from December 31 prior year report	\$ -	\$ -
3-35	Prior Period Adjustment (MUST explain)	\$ -	\$ -	\$ -	Prior Period Adjustment (MUST explain)	\$ -	\$ -
3-36	Fund Balance, December 31				Net Position, December 31		
	Sum of Lines 3-33, 3-34, and 3-35	\$ 63,670	\$ -	\$ -	Sum of Lines 3-33, 3-34, and 3-35	\$ -	\$ -
	This total should be the same as line 1-37.				This total should be the same as line 1-37.		

IF GRAND TOTAL EXPENDITURES FOR ALL FUNDS (Line 3-25) ARE THAN \$750,000 - STOP.
 You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

Please use this space to provide explanation of any item on this page

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.		Yes	No	Please use this space to provide any explanations or comments	
4-1	Does the entity have outstanding debt? <i>(If 'No' is checked, skip to question 4-5)</i> <i>(If 'Yes' is checked, please attach a copy of the entity's debt repayment schedule)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2	Is the debt repayment schedule attached? If no, MUST explain: N/A The District has no Debt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3	Is the entity current in its debt service payments? If no, MUST explain: N/A The District has no Debt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4	Please complete the following debt schedule, if applicable: <i>(please only include principal amounts)</i> <i>(enter all amounts as positive numbers)</i>				
		Outstanding at end of prior year	Issued during year	Retired during year	Outstanding at year-end
	General obligation bonds	\$ -	\$ -	\$ -	\$ -
	Revenue bonds	\$ -	\$ -	\$ -	\$ -
	Notes/Loans	\$ -	\$ -	\$ -	\$ -
	Lease & SBITA** Liabilities (GASB 87 & 96)	\$ -	\$ -	\$ -	\$ -
	Developer Advances	\$ -	\$ -	\$ -	\$ -
	Other (specify):	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -

**Subscription-Based Information Technology Arrangements *Must agree to prior year-end balance

Please answer the following questions by marking the appropriate boxes.		Yes	No
4-5	Does the entity have any authorized but unissued debt as of its fiscal year-end [Section 29-1-605(2) C.R.S.]?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much? Date the debt was authorized:		
	\$ 119,000,000 11/4/2008		
NEW 4-6	Is the authorized but unissued debt further limited by the entity's most recent Service Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much? Date of the most recent Service Plan:		
	\$ 35,000,000 7/25/2017		
4-7	Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	How much?		
	\$ -		
4-8	Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is the amount outstanding?		
	\$ -		
4-9	Does the entity have any lease agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments?		
		<input type="checkbox"/>	<input type="checkbox"/>
	\$ -		

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.		Amount	Total	Please use this space to provide any explanations or comments
5-1	YEAR-END Total of ALL Checking and Savings accounts	\$ -		
5-2	Certificates of deposit	\$ -		
	TOTAL CASH DEPOSITS		\$ -	
5-3	Investments <i>(if investment is a mutual fund, please list underlying investments):</i>			
	Colorado Surplus Asset Fund Trust (CSAFE)	\$ 42,661		
		\$ -		
		\$ -		
		\$ -		
	TOTAL INVESTMENTS		\$ 42,661	
	TOTAL CASH AND INVESTMENTS		\$ 42,661	

Please answer the following questions by marking in the appropriate box.		Yes	No	N/A
5-4	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? If no, MUST explain:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate box. Yes No

- 6-1 Does the entity have capitalized assets? Yes No
- (If 'No' is checked, skip the rest of Part 6)
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, **MUST** explain: Yes No

Please use this space to provide any explanations or comments

N/A The District has no capital assets.

Complete the following Capital & Right-To-Use Assets table for GOVERNMENTAL FUNDS:	Balance - beginning of the year	Additions*	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Intangible Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Amortization Right to Use Assets (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Complete the following Capital & Right-To-Use Assets table for PROPRIETARY FUNDS:	Balance - beginning of the year	Additions*	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Intangible Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Amortization Right to Use Assets (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

* Must agree to prior year-end balance
 ^ Generally capital asset additions should be reported as capital outlay on line 3-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate box. Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No

Please use this space to provide any explanations or comments

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

PART 8 - BUDGET INFORMATION					
Please answer the following question by marking in the appropriate box.			Yes	No	N/A
8-1	Did the entity file a current year budget with the Department of Local Affairs, in accordance with Section 29-1-113 C.R.S.? If no, MUST explain:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Please use this space to provide any explanations or comments
8-2	Did the entity pass an appropriations resolution in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
If yes: Please indicate the amount appropriated for each fund separately for the year reported (Please make sure each individual fund's appropriation agrees to how the budget was adopted. Do not combine funds)					
Governmental/Proprietary Fund Name		Total Appropriations By Fund			
General Fund		\$	743,000		
		\$	-		
		\$	-		
		\$	-		
		\$	-		

PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)					
Please answer the following question by marking in the appropriate box.			Yes	No	Please use this space to provide any explanations or comments
9-1	Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? <i>Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

PART 10 - GENERAL INFORMATION						
Please answer the following questions by marking in the appropriate box.			Yes	No	Please use this space to provide any explanations or comments	
10-1	Is this application for a newly formed governmental entity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
If yes: Date of formation: <input type="text"/>						
10-2	Has the entity changed its name in the past or current year?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
If yes: Please list the NEW name: <input type="text"/>						
Please list the PRIOR name: <input type="text"/>						
10-3	Is the entity a metropolitan district?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
10-4	Please indicate what services the entity provides:	<input type="text" value="See below"/>				
10-5	Does the entity have an agreement with another government to provide services?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
If yes: List the name of the other governmental entity and the services provided: <input type="text" value="See below"/>						
10-6	Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
If yes: Date filed: <input type="text"/>						
10-7	Does the entity have a certified mill levy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
If yes: Please provide the number of mills levied for the year reported (do not report \$ amounts):						
		Bond redemption mills	<input type="text" value="-"/>			
		General/other mills	<input type="text" value="61.737"/>			
		Total mills	61.737			
		Yes	No	N/A		
10-8	If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 [Section 32-1-207 C.R.S.]? If NO , please explain.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="text"/>						

Please use this space to provide any additional explanations or comments not previously included

10-4 The District was established to provide financing for the design, acquisition, construction and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, parks and recreation, water, mosquito and pest control and sanitation facilities, generally located in the collector roadway system, services and programs.

10-5 Morgan Hill Metropolitan Districts Nos. 1 and 3. District No.1 serves as the operating District and District Nos. 2 and 3 serve as the financing Districts.

OSA USE ONLY					
Entity Wide:		General Fund		Governmental Funds	
Unrestricted Cash & Investments	\$ 42,661	Unrestricted Fund Balan	\$ 63,170	Total Tax Revenue	\$ 721,562
Current Liabilities	\$ -	Total Fund Balance	\$ 63,670	Revenue Paying Debt Service	\$ -
Deferred Inflow	\$ 598,433	PY Fund Balance	\$ 50,278	Total Revenue	\$ 735,068
		Total Revenue	\$ 735,068	Total Debt Service Principal	\$ -
		Total Expenditures	\$ 721,676	Total Debt Service Interest	\$ -
				Total Assets	\$ 662,103
		Interfund In	\$ -	Total Liabilities	\$ -
		Interfund Out	\$ -		
Governmental		Proprietary		Enterprise Funds	
Total Cash & Investments	\$ 42,661	- Current Assets	\$ -	- Net Position	\$ -
Transfers In	\$ -	- Deferred Outflow	\$ -	- PY Net Position	\$ -
Transfers Out	\$ -	Current Liabilities	\$ -	Government-Wide	
Property Tax	\$ 695,782	- Deferred Inflow	\$ -	- Total Outstanding Debt	\$ -
Debt Service Principal	\$ -	Cash & Investments	\$ -	- Authorized but Unissued	\$ 119,000,000
Total Expenditures	\$ 721,676	- Principal Expense	\$ -	- Year Authorized	11/4/2008
Total Developer Advances	\$ -	- Total Expenses	\$ -		
Total Developer Repayments	\$ -				

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box.

Yes No

11-1 If you plan to submit this form electronically, have you read the Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signature Policy and Procedures

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign.

Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following two methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Below is the certification and approval of the governing body. By signing, each individual member is certifying they are a duly elected or appointed officer of the local government. Governing members may be verified. Also by signing, the individual member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenues and expenditures of more than \$100,000 but not more than \$750,000 must have an application prepared by an independent accountant with knowledge of governmental accounting; completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

Print or type the names of ALL members of the governing body below. A MAJORITY of the members of the governing body must sign below.

Board Member's Name:	Jessica Brothers
Board Member 1	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: May 2027
Board Member's Name:	Jon Lee
Board Member 2	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: May 2025
Board Member's Name:	_____
Board Member 3	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: _____
Board Member's Name:	_____
Board Member 4	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: _____
Board Member's Name:	_____
Board Member 5	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: _____
Board Member's Name:	_____
Board Member 6	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: _____
Board Member's Name:	_____
Board Member 7	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit. My term expires: _____



CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111
phone 303-779-5710 **fax** 303-779-0348
claconnect.com

Accountant's Compilation Report

Board of Directors
Morgan Hill Metropolitan District No. 2
Weld County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Morgan Hill Metropolitan District No. 2 as of and for the year ended December 31, 2024, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Morgan Hill Metropolitan District No. 2.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Greenwood Village, Colorado
March 7, 2025

Certificate Of Completion

Envelope Id: B2F0768A-16D7-4197-81DA-74DE3D7A438D
 Subject: Complete with Docusign: MHMD2 2024 Audit Exemption.pdf
 Client Name: Morgan Hill Metro District No. 2
 Client Number: A509005
 Source Envelope:
 Document Pages: 10
 Certificate Pages: 5
 AutoNav: Enabled
 Envelopeld Stamping: Enabled
 Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Completed
 Envelope Originator:
 Ling Chen
 220 S 6th St Ste 300
 Minneapolis, MN 55402-1418
 Ling.Chen@claconnect.com
 IP Address: 4.2.161.250

Record Tracking

Status: Original
 3/25/2025 11:58:41 AM
 Holder: Ling Chen
 Ling.Chen@claconnect.com
 Location: DocuSign

Signer Events

Jessica Brothers
 jessica@cdgcolorado.com
 Security Level: Email, Account Authentication
 (None)

Signature

DocuSigned by:

 EE646C3BB1ED474...

Signature Adoption: Uploaded Signature Image
 Using IP Address: 65.155.157.50

Timestamp

Sent: 3/25/2025 12:01:57 PM
 Viewed: 3/25/2025 1:36:45 PM
 Signed: 3/25/2025 1:42:13 PM

Electronic Record and Signature Disclosure:

Accepted: 3/25/2025 1:36:45 PM
 ID: d6497f14-740f-4fd0-bc02-f63958307826

Jon Lee
 jonlee@cdgcolorado.com
 Authorized representative
 Security Level: Email, Account Authentication
 (None)

DocuSigned by:

 0D56E84E07B04E7...

Signature Adoption: Pre-selected Style
 Using IP Address: 65.155.157.50

Sent: 3/25/2025 12:01:58 PM
 Viewed: 3/25/2025 1:29:41 PM
 Signed: 3/25/2025 1:30:29 PM

Electronic Record and Signature Disclosure:

Accepted: 3/25/2025 1:29:41 PM
 ID: ef5ae0c8-7253-4084-8bc6-dc73b8687221

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Envelope Sent	Hashed/Encrypted	3/25/2025 12:01:58 PM
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**MORGAN HILL METROPOLITAN DISTRICT NO. 3
WELD COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
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YEAR ENDED DECEMBER 31, 2024**

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Board of Directors
Morgan Hill Metropolitan District No. 3
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Morgan Hill Metropolitan District No. 3 (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Morgan Hill Metropolitan District No. 3 as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

Other Matters

Required Supplemental Information

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

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 14, 2025

BASIC FINANCIAL STATEMENTS

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments - Restricted	\$ 3,011,394
Receivable from County Treasurer	9,826
Due from Morgan Hill Metro District No. 1	4,580
Property Tax Receivable	853,384
Capital Assets:	
Capital Assets Not Being Depreciated	<u>4,797,265</u>
Total Assets	<u>8,676,449</u>
LIABILITIES	
Accounts Payable	487,349
Due to Morgan Hill Metro District No. 2	18,894
Accrued Interest	62,688
Noncurrent Liabilities:	
Due Within One Year	20,000
Due in More Than One Year	<u>29,478,936</u>
Total Liabilities	<u>30,067,867</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>853,384</u>
Total Deferred Inflows of Resources	<u>853,384</u>
NET POSITION	
Restricted for:	
Emergency Reserve	67,600
Debt Service	734,780
Capital	345,085
Unrestricted	<u>(23,392,267)</u>
Total Net Position	<u>\$ (22,244,802)</u>

See accompanying Notes to Basic Financial Statements.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 19,727	\$ -	\$ -	\$ -	\$ (19,727)
Interest on Long-Term Debt and Related Costs	1,459,125	-	\$ 1,048,126	-	(410,999)
Total Governmental Activities	\$ 1,478,852	\$ -	\$ 1,048,126	\$ -	(430,726)
 GENERAL REVENUES					
Property Taxes					988,874
Specific Ownership Taxes					36,391
Interest Income					166,925
Other Revenue					12,064
Total General Revenues and Transfers					1,204,254
 CHANGES IN NET POSITION					
					773,528
Net Position - Beginning of Year					(23,018,330)
 NET POSITION - END OF YEAR					 \$ (22,244,802)

See accompanying Notes to Basic Financial Statements.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2024**

	General	Total Governmental Fund
ASSETS		
Cash and Investments - Restricted	\$ 3,011,394	\$ 3,011,394
Receivable from County Treasurer	9,826	9,826
Due from Morgan Hill Metro District No. 1	4,580	4,580
Property Tax Receivable	853,384	853,384
Total Assets	\$ 3,879,184	\$ 3,879,184
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 487,349	\$ 487,349
Due to Morgan Hill Metro District No. 2	18,894	18,894
Total Liabilities	506,243	506,243
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax	853,384	853,384
Total Deferred Inflows of Resources	853,384	853,384
FUND BALANCES		
Restricted for:		
Emergency Reserves	67,600	67,600
Debt Service	734,780	734,780
Capital Projects	345,085	345,085
Unassigned	1,372,092	1,372,092
Total Fund Balances	2,519,557	2,519,557
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,879,184	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

4,797,265

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

Accrued Interest
Bonds Payable
Bond Premium

(1,044,411)
(28,313,468)
(203,745)

Net Position of Governmental Activities

\$ (22,244,802)

See accompanying Notes to Basic Financial Statements.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2024**

	General	Total Governmental Fund
REVENUES		
Property Taxes	\$ 988,874	\$ 988,874
Specific Ownership Taxes	36,391	36,391
Interest Income	166,925	166,925
Other Revenue	12,064	12,064
Transfers from Morgan Hill Metro District No. 1	337,118	337,118
Transfers from Morgan Hill Metro District No. 2	711,008	711,008
Total Revenues	2,252,380	2,252,380
EXPENDITURES		
General, Administrative, and Operations:		
Landscaping	8,970	8,970
Debt Service:		
County Treasurer's Fee	14,834	14,834
Bond Interest Series 2021A	752,250	752,250
Bond Interest Series 2021B	223,629	223,629
Bond Interest Series 2021C	269,484	269,484
Bond Principal Series 2021C	1,100,746	1,100,746
Paying Agent Fees	7,000	7,000
Capital Projects:		
Capital Outlay	979,214	979,214
Construction Management	75,353	75,353
Letter Of Credit Expense	10,757	10,757
Total Expenditures	3,442,237	3,442,237
NET CHANGE IN FUND BALANCE	(1,189,857)	(1,189,857)
Fund Balance - Beginning of Year	3,709,414	3,709,414
FUND BALANCE - END OF YEAR	\$ 2,519,557	\$ 2,519,557

See accompanying Notes to Basic Financial Statements.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (1,189,857)

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

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

Capital Outlay 1,054,567

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal Payment 1,100,746

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability (202,580)
Amortization of Bond Premium 10,652

Changes in Net Position of Governmental Activities \$ 773,528

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,005,222	\$ 988,874	\$ 988,874	\$ -
Specific Ownership Taxes	40,209	36,391	36,391	-
Interest Income	100,000	167,000	166,925	(75)
Other Revenue	-	12,064	12,064	-
Transfers from Morgan Hill Metro District No. 1	332,538	337,500	337,118	(382)
Transfers from Morgan Hill Metro District No. 2	729,902	711,500	711,008	(492)
Total Revenues	<u>2,207,871</u>	<u>2,253,329</u>	<u>2,252,380</u>	<u>(949)</u>
EXPENDITURES				
General, Administrative, and Operations:				
Contingency	1,504	1,216	-	1,216
Landscaping	-	8,970	8,970	-
Debt Service:				
County Treasurer's Fee	15,078	14,834	14,834	-
Bond Interest Series 2021A	752,250	752,250	752,250	-
Bond Interest Series 2021B	372,938	224,000	223,629	371
Bond Interest Series 2021C	1,370,230	269,484	269,484	-
Bond Principal Series 2021C	-	1,100,746	1,100,746	-
Paying Agent Fees	8,000	7,000	7,000	-
Capital Projects:				
Capital Outlay	-	980,000	979,214	786
Construction Management	-	75,500	75,353	147
Letter Of Credit Expense	20,000	11,000	10,757	243
Total Expenditures	<u>2,540,000</u>	<u>3,445,000</u>	<u>3,442,237</u>	<u>2,763</u>
NET CHANGE IN FUND BALANCE	(332,129)	(1,191,671)	(1,189,857)	1,814
Fund Balance - Beginning of Year	<u>3,055,867</u>	<u>3,709,414</u>	<u>3,709,414</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,723,738</u></u>	<u><u>\$ 2,517,743</u></u>	<u><u>\$ 2,519,557</u></u>	<u><u>\$ 1,814</u></u>

See accompanying Notes to Basic Financial Statements.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

Morgan Hill Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court in Weld County on January 20, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Morgan Hill Metropolitan District No. 1 (District No. 1) and Morgan Hill Metropolitan District No. 2 (District No. 2) approved by the Town of Erie on August 25, 2008. Pursuant to the Service Plan, the District, the financing district, is intended to provide funding to District No. 1, the operating district, for construction, operation, and maintenance of the public improvements. The operating district is responsible for day-to-day operations and administrative management of all three of the Districts and management of district improvements.

The District was established to provide financing for the design, acquisition, construction, and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, park and recreation, water, mosquito and pest control and sanitation facilities, generally located in the collector roadway system, services and programs. The operation and maintenance of all other services and facilities is anticipated to be provided by other entities and not by the District.

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

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 1, District No. 2, and the Town of Erie.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Increases in bonds payable are recorded as an increase in liabilities.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major revenue source susceptible to accrual is property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 adopted budgets for the General Fund and Debt Service fund have been consolidated and reflected as the General Fund Budget for financial reporting purposes.

The District amended its budget for the year ending December 31, 2024.

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 total cash.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 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 inflows of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. 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.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of investment in capital assets.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

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

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

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CASH AND CASH EQUIVALENTS

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

Statement of Net Position:

Cash and Investments - Restricted	\$ 3,011,394
Total Cash and Investments	\$ 3,011,394

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

Deposits with Financial Institutions	\$ 832,435
Investments	2,178,959
Total Cash and Investments	\$ 3,011,394

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.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

At December 31, 2024, the District had a bank and carrying balance of \$832,435 in cash deposits.

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 statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 2,178,959
		<u>\$ 2,178,959</u>

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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 using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Construction in Progress	\$ 3,742,698	\$ 1,054,567	\$ -	\$ 4,797,265
Total Capital Assets, Not Being Depreciated	\$ 3,742,698	\$ 1,054,567	\$ -	4,797,265

It is the policy of the Town to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements, mosquito and pest control, transportation, and other related improvements within the Town only after a probationary period following completion of construction. When the improvements enter the probationary period, the District removes the cost of construction from its statement of net position.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
Limited Tax General Obligation Bonds:					
Series 2021A	\$ 20,030,000	\$ -	\$ -	\$ 20,030,000	\$ 20,000
Series 2021B	5,850,000	-	-	5,850,000	-
Junior Lien General Obligation Limited Tax Bonds:					
Series 2021C	3,534,214	-	1,100,746	2,433,468	-
Accrued Interest:					
Series 2021B	767,362	430,385	223,629	974,118	-
Series 2021C	11,781	265,308	269,484	7,605	-
Subtotal Bonds Payable	<u>30,193,357</u>	<u>695,693</u>	<u>1,593,859</u>	<u>29,295,191</u>	<u>20,000</u>
Bond Premium:					
Bond Premium - Series 2021A	214,397	-	10,652	203,745	-
Subtotal Bond Premium	<u>214,397</u>	<u>-</u>	<u>10,652</u>	<u>203,745</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 30,407,754</u>	<u>\$ 695,693</u>	<u>\$ 1,604,511</u>	<u>\$ 29,498,936</u>	<u>\$ 20,000</u>

Series 2021A and 2021B Senior and Subordinate General Obligation Limited Tax Bonds

On November 10, 2021, the District issued \$20,030,000 of senior and \$5,850,000 of subordinate general obligation limited tax bonds. The bonds were issued for the purpose of paying and discharging the Series 2018A Bonds and Series 2018B Note, funding the costs of public improvements for the benefit of the District and Morgan Hill Metropolitan District Nos. 1 and 2, paying the costs of issuing the bonds, and in the case of the Series 2021A Senior Bonds only, funding a portion of the initial interest to accrue on the Series 2021A Senior Bonds and funding a reserve fund for the Series 2021A Senior Bonds.

The Series 2021A Senior Bonds bear a coupon interest rate of 3% to 4% per annum, which is payable semi-annually on June 1 and December 1, commencing on June 1, 2022. The Series 2021A Senior Bonds will mature on December 1, 2051, subject to both mandatory sinking fund redemption and optional redemption prior to maturity. The Series 2021A Senior Bonds will constitute limited tax general obligations of the District payable solely from the Senior Pledged Revenue and certain funds and accounts established by the Senior Indenture. The Senior Pledged Revenue consists of revenue derived from the Capital Pledge Agreement, senior property tax revenues, senior specific ownership tax revenues, and other available moneys. The Series 2021A Seniors Bonds constitute an irrevocable, but nonexclusive, first lien on the Senior Pledged Revenue.

The Series 2021B Subordinate Bonds bear a coupon interest rate of 6.375% per annum which is payable annually on December 15, commencing December 15, 2022, to the extent of the Subordinate Pledged Revenue available. The 2021B Subordinate Bonds mature on December 15, 2051, subject to mandatory redemption and optional redemption prior to maturity. The Series 2021B Subordinate Bonds will also constitute limited tax general obligations of the District payable solely from the Subordinate Pledged Revenue and certain funds and accounts established by the Subordinate Indenture.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021A and 2021B Senior and Subordinate General Obligation Limited Tax Bonds (Continued)

The Subordinate Pledged Revenue consists of revenue derived from the capital pledge agreement, subordinate property tax revenues, subordinate specific ownership tax revenues, and other available moneys, all after the application of such amounts due on the Series 2021A Senior Bonds. The Series 2021B Subordinate Bonds are structured as “cash flow” bonds. There are no scheduled payments of principal of the Series 2021B Subordinate Bonds prior to their maturity date, but rather the Subordinate Bonds are subject to mandatory redemption on each December 15 prior to maturity from and to the extent of any available Subordinate Pledged Revenue. The Series 2021B Subordinate Bonds will be deemed paid in full and discharged on December 15, 2051, regardless of the amount of principal and interest paid on the Series 2021B Subordinate Bonds prior to such date.

On November 1, 2021, the District entered into a Capital Pledge Agreement with Morgan Hill Metropolitan Districts No. 1 and No. 2 (the Pledged Districts) to support payment of the Bonds. The Districts are obligated to levy ad valorem property taxes in the amount of 50 mills and to pay such taxes and the specific ownership taxes attributable thereto. The obligation of the Pledge Districts to pay its allocated portion of the Annual Bond Costs constitutes a limited tax general obligation of the Pledge Districts payable solely from and to the extent of the Pledged Revenues.

The Series 2021A Senior Limited Tax General Obligation Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,000	\$ 752,250	\$ 772,250
2026	220,000	751,650	971,650
2027	285,000	745,050	1,030,050
2028	325,000	736,500	1,061,500
2029	335,000	726,750	1,061,750
2030-2034	2,155,000	3,456,600	5,611,600
2035-2039	3,000,000	3,028,925	6,028,925
2040-2044	4,110,000	2,417,725	6,527,725
2045-2049	5,515,000	1,500,400	7,015,400
2050-2051	4,065,000	272,400	4,337,400
Total	<u>\$ 20,030,000</u>	<u>\$ 14,388,250</u>	<u>\$ 34,418,250</u>

Series 2021C Junior Lien General Obligation Limited Tax Bond

On December 9, 2021, the District issued a Series 2021C Junior Lien General Obligation Limited Tax Bond, which is one of a series aggregating a maximum of \$5,000,000 par value. The Bond bears an interest rate of 7.50%. The 2021C Bond matures on December 15, 2051. The Bond constitutes a junior lien general obligation (limited tax) of the District. All of the Bond, including the interest, is payable solely from and to the extent of the Junior Lien Pledged Revenue, and the Junior Lien Pledged Revenue is pledged to the payment of the Bond. The 2021C Bond constitutes an irrevocable, but nonexclusive, lien upon the Junior Lien Pledged Revenue.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021C Junior Lien General Obligation Limited Tax Bond (Continued)

The Series 2021C Bond is a draw-down Bond. The Bond is issued in an authorized denomination equal to the principal amount of this Bond as of any given date which shall be equal to the total amount of principal advanced, less any payment of principal on the Bond.

Debt Authorization

The District has been authorized to issue debt in the principal amount not to exceed \$269,000,000 as voted on in November 2008. The voted authorization has been limited by the service plan approved by the Town of Erie. At December 31, 2024, the District had remaining authorized but unissued indebtedness of \$240,008,621.

NOTE 6 RELATED PARTIES

All of the members of the Board of Directors are employees of or are associated with CDG Morgan Hill, the Developer within the District and may have conflicts of interest in dealing with the District.

NOTE 7 AGREEMENTS

In order to implement the Service Plan, the District entered into an intergovernmental agreement with District No. 1 and District No. 2. The agreement shall remain in full force and effect until such time as each of the terms and conditions has been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

District No. 1 is to construct the facilities benefiting the three Districts. The District and District No. 1 will, to the extent that they benefit, pay the capital costs and the service costs of operation and maintenance of such facilities (authorized service costs).

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District must pay District No. 1 the amount set forth in the annual budget.

During 2021, the District entered into a Capital Pledge Agreement with District No. 1 and District No. 2 (the Pledged Districts). The Agreement is related to the issuance of the Series 2021A Senior Bonds and the Series 2021B Subordinate Bonds in the District. The Pledged Districts agree to levy on all of the taxable property of the Pledge Districts, in addition to all other taxes, direct annual taxes in each of the years 2021 (for collection in 2022) to 2050 (for collection in 2051) to the extent necessary to provide for payment of the annual bond costs, in the amount of the required mill levy determined by the District.

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 AGREEMENTS (CONTINUED)

The District, District No. 1, and District No. 2 also entered into a Junior Lien Pledge Agreement related to the issuance of the Series 2021C Junior Lien Bond in the District. Under the agreement, District No. 1 and District No. 2 pledge their Junior Lien Required Mill levy upon all taxable property within their boundaries. After withholding the Operations & Maintenance (O&M) carve-out, District No. 1 and District No. 2 pledge their share of bond repayment costs. The O&M carve-out is equal to \$90,000 in 2022, with the amount increasing by 1% annually thereafter.

Warranty of Public Improvements

In 2020, CDG Morgan Hill, Inc. entered into a Development Agreement with the Town of Erie. As part of the agreement, CDG Morgan Hill, Inc. on behalf of the District, was required to enter into an Improvement Guarantee (Guarantee) for a period of time sufficient to cover the completion of the public improvements. If CDG Morgan Hill, Inc. is unable to complete the improvements then the Town of Erie has the right to call upon the Guarantee. The Guarantee could be in the form of cash, certified check, or a letter of credit.

NOTE 8 NET POSITION

The net position of the District consists of two components – restricted and unrestricted.

Restricted net position includes net position that is restricted for use either by notes imposed by external creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2024, the District had restricted net position as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 67,600
Debt Service	734,780
Capital Projects	345,085
Total Restricted Net Position	\$ 1,147,465

The District had a deficit net position at December 31, 2024. This deficit amount is the result of the District being responsible for the repayment of debt issued for public improvements.

MORGAN HILL METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; 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 official's liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded insurance coverage in the past three years.

The District pays annual premiums to the Pool for liability and public official's liability. 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, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the state of Colorado and all local governments.

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 4, 2008, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

OTHER INFORMATION

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2024**

	\$20,030,000 General Obligation (Limited Tax) Refunding Bonds and Improvement Bonds Interest Rate 3.00 - 4.00% Series 2021A Dated November 10, 2021 Interest Payable June 1 and December 1 Principal Payable December 1		
Bonds/Loans and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2025	\$ 20,000	\$ 752,250	\$ 772,250
2026	220,000	751,650	971,650
2027	285,000	745,050	1,030,050
2028	325,000	736,500	1,061,500
2029	335,000	726,750	1,061,750
2030	380,000	716,700	1,096,700
2031	390,000	705,300	1,095,300
2032	435,000	693,600	1,128,600
2033	450,000	678,375	1,128,375
2034	500,000	662,625	1,162,625
2035	520,000	645,125	1,165,125
2036	570,000	626,925	1,196,925
2037	590,000	606,975	1,196,975
2038	650,000	586,325	1,236,325
2039	670,000	563,575	1,233,575
2040	735,000	540,125	1,275,125
2041	760,000	514,400	1,274,400
2042	825,000	487,800	1,312,800
2043	855,000	454,800	1,309,800
2044	935,000	420,600	1,355,600
2045	970,000	383,200	1,353,200
2046	1,050,000	344,400	1,394,400
2047	1,090,000	302,400	1,392,400
2048	1,180,000	258,800	1,438,800
2049	1,225,000	211,600	1,436,600
2050	1,320,000	162,600	1,482,600
2051	2,745,000	109,800	2,854,800
	\$ 20,030,000	\$ 14,388,250	\$ 34,418,250
Total	\$ 20,030,000	\$ 14,388,250	\$ 34,418,250

**MORGAN HILL METROPOLITAN DISTRICT NO. 3
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2024**

Year Ended December 31,	Assessed Valuation	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2020	\$ 47,916,800	55.663	0.000	\$ 2,667,193	\$ 2,667,193	100.00 %
2021	18,645,640	55.663	0.000	1,037,872	1,037,872	100.00
2022	5,606,690	0.000	55.663	312,085	312,086	100.00
2023	13,388,910	0.000	57.220	766,113	764,763	99.82
2024	16,903,860	0.000	59.467	1,005,222	988,874	98.37
Estimated for Year Ending December 31 2025	\$ 15,236,820	0.000	56.008	\$ 853,384		