COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT

2025 ANNUAL REPORT

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
TOWN OF FIRESTONE, COUNTY OF WELD, STATE OF COLORADO

ANNUAL REPORT FOR FISCAL YEAR 2025

Pursuant to § 32-1-207(3)(c) and the Amended and Restated Service Plan for Cottonwood Hollow Commercial Metropolitan District (the "**District**"), as amended, the District is required to provide an annual report to the Town of Firestone (the "**Town**") with regard to the matters below.

To the best of our actual knowledge, for the year ending December 31, 2025, the District makes the following report:

Service Plan Requirements

1. **Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.**

   There were no boundary changes made or proposed to the District's boundaries in 2025.

2. **Copies of the District's rules and regulations, if any, as of December 31 of the prior year.**

   As of December 31, 2025, the District had not adopted any rules and regulations.

3. **A summary of any litigation which involves the Public Improvements as of December 31 of the prior year.**

   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 District's Public Improvements as of December 31, 2025.

4. **Status of the District's construction of the public improvements as of December 31 of the prior year.**

   As of December 31, 2025, no public improvements have been constructed by the District.

5. **A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town or other service provider providing service to the property in the District, as of December 31 of the prior year.**

   As of December 31, 2025, no facilities and improvements constructed by the District have been dedicated or accepted by the Town.

6. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.**

   To our actual knowledge, the District did not receive notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any debt instrument.

7. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.**

   To our actual knowledge, there was not any inability of the District to pay its obligations as they came due, in accordance with the terms of such obligations, which continued beyond a ninety (90) day period.

8. **Any alteration or revision of the proposed schedule of Debt issuance set forth in the Financial Plan.**

   None.

§ 32-1-207(3) Statutory Requirements

1. **Boundary changes made.**

   There were no boundary changes made to the District's boundaries in 2025.

2. **Intergovernmental Agreements entered into or terminated.**

   The District did not enter into or terminate any intergovernmental agreements in 2025.

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

   As of December 31, 2025, the District had not adopted any rules and regulations.

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

   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 District's public improvements as of December 31, 2025.

5. **Status of the construction of public improvements by the District.**

   As of December 31, 2025, no public improvements had been constructed by the District.

6. **A list of facilities or improvements constructed by the District there were conveyed or dedicated to the county or municipality.**

As of December 31, 2025, no facilities or improvements constructed by the District have been conveyed or dedicated to the Town.

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

The 2025 final assessed valuation is $10,391.

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

A copy of the 2026 Budget is 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.

The 2025 audit is not available at this time and will be provided as a supplement to this annual report upon completion.

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

To our actual knowledge, the District did not receive notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any debt instrument.

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

To our actual knowledge, there was not any inability of the District to pay its obligations as they came due, in accordance with the terms of such obligations, which continued beyond a ninety (90) day period.

EXHIBIT A

2026 Budget

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/26/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Agricultural	6,140	6,140	6,050
State assessed	1,520	1,770	90
Vacant land	20	20	20
Personal property	-	-	2,080
Other	11,270	8,770	9,910
	18,950	16,700	18,150
TIF District Increment	(7,576)	(6,952)	(7,759)
Certified Assessed Value	$ 11,374	$ 9,748	$ 10,391
MILL LEVY			
General	52.928	53.057	53.703
Total mill levy	52.928	53.057	53.703
PROPERTY TAXES			
General	$ 602	$ 517	$ 558
Levied property taxes	602	517	558
Adjustments to actual/rounding	32,570	-	-
Budgeted property taxes	$ 33,172	$ 517	$ 558
ASSESSED VALUATION			
TIF District Increment	$ 7,576	$ 6,952	$ 7,759
Certified Assessed Value	$ 7,576	$ 6,952	$ 7,759
MILL LEVY			
General	52.928	53.057	53.703
Total mill levy	52.928	53.057	53.703
PROPERTY TAXES			
General	$ 402	$ 369	$ 417
Levied property taxes	402	369	417
Adjustments to actual/rounding	(1)	5	-
Budgeted property taxes	$ 401	$ 374	$ 417
BUDGETED PROPERTY TAXES			
General	**$ 33,172**	**$ 517**	**$ 558**
	$ 33,172	**$ 517**	**$ 558**

See summary of significant assumptions.

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

11/26/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	$ 3,323,787	$ 2,357,596	$ 2,416,649
REVENUES			
Property taxes	33,172	517	558
Specific ownership taxes	36	38	39
TIF Revenue	401	369	417
Interest Income	153,356	104,142	98,000
Other Revenue	11	6	-
Total revenues	186,976	105,072	99,014
Total funds available	3,510,763	2,462,668	2,515,663
EXPENDITURES			
General and administrative			
Accounting	13,851	20,000	20,000
Auditing	-	5,500	-
County Treasurer's Fee	504	13	15
Directors' fees	900	600	1,500
Dues and Membership	297	308	500
Insurance	3,121	3,221	3,500
Legal	21,385	15,000	20,000
Miscellaneous	399	44	1,000
Election	-	1,271	-
Utilities	123	62	200
Contingency	-	-	2,485
Intergovernmental Expenditures	1,112,587	-	-
Total expenditures	1,153,167	46,019	49,200
Total expenditures and transfers out requiring appropriation	1,153,167	46,019	49,200
ENDING FUND BALANCES	$ 2,357,596	$ 2,416,649	$ 2,466,463
EMERGENCY RESERVE	$ 5,700	$ 3,200	$ 3,000
TOTAL RESERVE	$ 5,700	$ 3,200	$ 3,000

See summary of significant assumptions.

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Cottonwood Hollow Commercial Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on December 2, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in the Town of Firestone (Town), County of Weld, Colorado.

The District operates under a Service Plan approved by the Town on October 14, 2004, First Amendment to the Service Plan approved on October 12, 2012 and the Second Amendment to the Service Plan approved on June 24, 2014. Pursuant to the Service Plan, the District was organized for the purpose of financing streets, street lighting, traffic and safety controls, water, landscaping, storm drainage and park and recreation improvements, all in accordance with its Service Plan. When completed, improvements shall be dedicated to the Town or other governmental entities, all for the use and benefit of residents and taxpayers, or operated and maintained by contract with a Homeowners' Association formed for the Cottonwood Hollow subdivision.

On November 4, 2014, the District's voters authorized total indebtedness of $11,000,000 for the purpose of providing Public Improvements and $5,500,000 for the purpose of Debt for Operations and $16,500,000 for refunding of debt. The election also approved an annual increase in property taxes of $11,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

The Amended and Restated Service Plan adjusted the Mill Levy to the following. The Maximum Operation and Maintenance Mill Levy, which shall be subject to a Mill Levy Adjustment, shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Operation and Maintenance Costs, and shall be 50.000 mills until such time that the District issues Debt. After the District issues Debt, the Maximum Operation and Maintenance Mill Levy shall be ten (10) mills. The Maximum Operation and Maintenance Mill Levy shall apply to the District's ability to increase its mill levy as necessary for provision of operation and maintenance services to its taxpayers and service users until such time as End Users cast the majority of affirmative votes taken by the District's Board of Directors at a meeting authorizing an increase of such Maximum Operation and Maintenance Mill Levy, at which time the mill levy may be such amount as is necessary to pay the Operation and Maintenance Cost.

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

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

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.

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate		Category	Rate
Single-Family Residential	6.25%		Agricultural Land	27.00%
Multi-Family Residential	6.25%		Renewable Energy Land	27.00%
Commercial	27.00%		Vacant Land	27.00%
Industrial	27.00%		Personal Property	27.00%
Lodging	27.00%		State Assessed	27.00%
			Oil & Gas Production	87.50%

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%.

Tax Increment Financing (TIF)

Pursuant to a cooperation agreement with Northern Firestone Urban Renewal Authority (NFURA), NFURA remits to the District the portion of revenues which it receives as a result of Tax Incremental Revenues attributable to the District’s current mill levy.

COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, banking, meeting expense, and other administrative expenses. These costs are allocated to each Fund as deemed appropriate to capture actual use by the individual Funds.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt and Leases

Debt and Leases

The District has no debt and no capital or operating 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.