

**COTTONWOOD HOLLOW COMMERCIAL
METROPOLITAN DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
OTHER INFORMATION**


YEAR ENDED DECEMBER 31, 2024


**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
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1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Independent Auditors' Report

To the Board of Directors
Cottonwood Hollow Commercial Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cottonwood Hollow Commercial Metropolitan District (the District), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Cottonwood Hollow Commercial Metropolitan District, as of December 31, 2024, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cottonwood Hollow Commercial Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cottonwood Hollow Commercial Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cottonwood Hollow Commercial Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cottonwood Hollow Commercial Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information and continuing disclosure annual financial information, as listed in the table of contents, does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and continuing disclosure annual financial information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Haynie & Company

Littleton, Colorado
September 26, 2025

BASIC FINANCIAL STATEMENTS

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 2,355,638
Cash and Investments - Restricted	5,700
Prepaid Insurance	3,221
Receivable from County Treasurer	3
Property Tax Receivable	517
Total Assets	2,365,079
LIABILITIES	
Accounts Payable	6,966
Total Liabilities	6,966
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	517
Total Deferred Inflows of Resources	517
NET POSITION	
Restricted for:	
Emergency Reserve	5,700
Unrestricted	2,351,896
Total Net Position	\$ 2,357,596

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,153,167	\$ -	\$ -	\$ -	\$ (1,153,167)
Total Governmental Activities	\$ 1,153,167	\$ -	\$ -	\$ -	(1,153,167)
GENERAL REVENUES					
Property Taxes					33,172
Specific Ownership Taxes					36
Interest Income					153,356
TIF Revenue					401
Other Revenue					11
Total General Revenues and Transfers					186,976
CHANGES IN NET POSITION					(966,191)
Net Position - Beginning of Year					3,323,787
NET POSITION - END OF YEAR					\$ 2,357,596

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Total Governmental Funds
ASSETS		
Cash and Investments	\$ 2,355,638	\$ 2,355,638
Cash and Investments - Restricted	5,700	5,700
Receivable from County Treasurer	3	3
Prepaid Insurance	3,221	3,221
Property Tax Receivable	517	517
Total Assets	\$ 2,365,079	\$ 2,365,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 6,966	\$ 6,966
Total Liabilities	6,966	6,966
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax	517	517
Total Deferred Inflows of Resources	517	517
FUND BALANCES		
Nonspendable:		
Prepaid Expense	3,221	3,221
Restricted for:		
Emergency Reserves	5,700	5,700
Unassigned	2,348,675	2,348,675
Total Fund Balances	2,357,596	2,357,596
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,365,079	\$ 2,365,079

Amounts reported for governmental activities in the statement of net position are the same as above.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENT FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Total Governmental Funds
REVENUES		
Property Taxes	\$ 33,172	\$ 33,172
Specific Ownership Taxes	36	36
Interest Income	153,356	153,356
Other Revenue	11	11
TIF Revenue	401	401
Total Revenues	186,976	186,976
EXPENDITURES		
Current:		
Accounting	13,851	13,851
County Treasurer's Fee	504	504
Directors' Fees	900	900
Dues And Membership	297	297
Insurance	3,121	3,121
Legal	21,385	21,385
Miscellaneous	399	399
Utilities	123	123
Intergovernmental Expenditures	1,112,587	1,112,587
Total Expenditures	1,153,167	1,153,167
NET CHANGE IN FUND BALANCES	(966,191)	(966,191)
Fund Balances - Beginning of Year	3,323,787	3,323,787
FUND BALANCES - END OF YEAR	\$ 2,357,596	\$ 2,357,596

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 602	\$ 602	\$ 33,172	\$ 32,570
Specific Ownership Taxes	24	24	36	12
Interest Income	130,000	130,000	153,356	23,356
Other Revenue	-	-	11	11
TIF Revenue	401	401	401	-
Total Revenues	<u>131,027</u>	<u>131,027</u>	<u>186,976</u>	<u>55,949</u>
EXPENDITURES				
Accounting	20,000	20,000	13,851	6,149
Contingency	2,491	39,903	-	39,903
County Treasurer's Fee	9	9	504	(495)
Directors' Fees	2,500	2,500	900	1,600
Dues And Membership	500	500	297	203
Insurance	3,500	3,500	3,121	379
Legal	18,000	20,000	21,385	(1,385)
Miscellaneous	1,000	1,000	399	601
Utilities	-	-	123	(123)
Intergovernmental Expenditures	-	1,112,588	1,112,587	1
Total Expenditures	<u>48,000</u>	<u>1,200,000</u>	<u>1,153,167</u>	<u>46,833</u>
NET CHANGE IN FUND BALANCE	83,027	(1,068,973)	(966,191)	102,782
Fund Balance - Beginning of Year	<u>3,275,778</u>	<u>3,275,778</u>	<u>3,323,787</u>	<u>48,009</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,358,805</u></u>	<u><u>\$ 2,206,805</u></u>	<u><u>\$ 2,357,596</u></u>	<u><u>\$ 150,791</u></u>

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 DEFINITION OF REPORTING ENTITY

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 was established principally to finance the construction of various categories of public improvements, such as streets, traffic and safety signals, storm drainage, sewer, water, and park and recreation facilities for the use and benefit of all its residents and taxpayers within the District's boundaries. Upon completion of construction and installation, it is the District's intent to dedicate all public improvements to the Town or its designee for operation and maintenance. Certain landscaping, park and recreation improvements, addition of retention/detention ponds, and irrigation system improvements may be maintained by the District unless the Town accepts ownership of any such improvements.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended 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 the total cash and investments.

Property Taxes

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

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

Deferred Inflows of Resources

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 2,355,638
Cash and Investments - Restricted	5,700
Total Cash and Investments	\$ 2,361,338

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

Deposits with Financial Institutions	\$ 5,055
Investments	2,356,283
Total Cash and Investments	\$ 2,361,338

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance of \$5,055.

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.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 2,356,283
		<u>\$ 2,356,283</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operates similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

Debt Authorization

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$668,350,000, at an interest rate not to exceed 18% per annum. At December 31, 2024, the District had authorized and unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2004	Amount Authorized on November 6, 2012	Amount Authorized on November 4, 2014	Amount Authorized on November 8, 2016	Amount Authorized on November 2, 2021	Authorized But Unused
Streets	\$ 3,631,461	\$ -	\$ 5,700,000	\$ 11,400,000	\$ 20,500,000	\$ 41,231,461
Water	2,827,394	-	4,450,000	23,900,000	20,500,000	51,677,394
Parks and Recreation	541,145	-	850,000	16,700,000	20,500,000	38,591,145
Sanitation/Storm Sewer	-	-	-	-	20,500,000	20,500,000
Transportation	-	-	-	-	20,500,000	20,500,000
Mosquito Control	-	-	-	-	20,500,000	20,500,000
Safety Protection	-	-	-	-	20,500,000	20,500,000
Fire Protection	-	-	-	-	20,500,000	20,500,000
Television	-	-	-	-	20,500,000	20,500,000
Security	-	-	-	-	20,500,000	20,500,000
Special Assessment Debt	-	3,300,000	-	-	20,500,000	23,800,000
District IGA as Debt	-	-	-	-	20,500,000	20,500,000
Debt for Operations	50,000	-	5,500,000	11,000,000	20,500,000	37,050,000
Refunding	7,000,000	-	16,500,000	63,000,000	225,500,000	312,000,000
Total	\$ 14,050,000	\$ 3,300,000	\$ 33,000,000	\$ 126,000,000	\$ 492,000,000	\$ 668,350,000

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 5 NET POSITION

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

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or law and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2024, consists of \$5,700 for emergency reserves.

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 5,700
Total Restricted Net Position	\$ 5,700

NOTE 6 AGREEMENTS

Reimbursement and Cost Allocation Agreement

On July 9, 2024, the Cottonwood Hollow Residential Metropolitan District entered into an Intergovernmental Agreement with the Cottonwood Hollow Commercial Metropolitan District regarding the allocation and reimbursement of costs associated with the Godding Creek CLOMR Work. Following completion of the work and approval by FEMA, the floodplain area within both districts was significantly reduced, resulting in additional developable land. The costs for the work are allocated between the Districts according to acreage. The Commercial District shall reimburse the Residential District for 14.921% of the total costs, amounting to \$1,112,587.09.

NOTE 7 RISK MANAGEMENT

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

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

NOTE 8 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.

On November 2, 2021, the District's voters approved for annual taxes of \$10,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

OTHER INFORMATION

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2024**

Year Ended December 31,	Assessed Valuation	Mills Levied	Total Property Taxes		Percent Collected to Levied
		General Operations	Levied	Collected	
2020	\$ 7,103,778	60.000	\$ 819,049	\$ 819,056	100.00 %
2021	3,626,443	60.000	217,587	217,030	99.74
2022	2,376,270	60.000	82,941	85,600	103.21
2023	7,970	53.941	279	276	98.92
2024	18,950	52.928	602	33,172	5510.30
Estimated for Year Ending December 31, 2025	\$ 16,700	53.057	\$ 517		

Note:

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