

**COTTONWOOD HOLLOW RESIDENTIAL
METROPOLITAN DISTRICT**

2025 ANNUAL REPORT

**COTTONWOOD HOLLOW RESIDENTIAL 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 Residential Metropolitan District (the “**District**”), 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, 2025 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.**

There were no facilities or improvements constructed by the District 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 or proposed 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 had been constructed by the District.

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

The 2025 final assessed valuation is \$ 3,887,667.

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 RESIDENTIAL METRO DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2026**

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/20/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 3,153,360	\$ 1,284,254	\$ 1,380,238
REVENUES			
Property taxes	654,783	346,421	271,141
Specific ownership taxes	39,533	27,680	20,983
Interest Income	72,672	60,673	38,559
Developer advance	-	-	62,727
Other Revenue	686	523,764	-
Intergovernmental revenues	1,112,587	-	-
TIF Revenue	473,167	299,979	253,451
Total revenues	2,353,428	1,258,517	646,861
TRANSFERS IN	-	4	-
Total funds available	5,506,788	2,542,775	2,027,099
EXPENDITURES			
General Fund	162,489	156,604	179,000
Debt Service Fund	1,018,789	578,403	473,000
Capital Projects Fund	3,041,256	427,526	1,372,500
Total expenditures	4,222,534	1,162,533	2,024,500
TRANSFERS OUT	-	4	-
Total expenditures and transfers out requiring appropriation	4,222,534	1,162,537	2,024,500
ENDING FUND BALANCES	\$ 1,284,254	\$ 1,380,238	\$ 2,599
EMERGENCY RESERVE	\$ 5,600	\$ 3,300	\$ 2,600
TOTAL RESERVE	\$ 5,600	\$ 3,300	\$ 2,600

See summary of significant assumptions.

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

1/20/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Residential	\$ 1,243,360	\$ 2,492,660	\$ 2,563,520
Commercial	11,620	-	-
Oil and Gas	14,786,760	5,598,040	3,745,980
Agricultural	30,340	30,340	29,880
State assessed	48,190	5,660	6,710
Vacant land	17,620	9,250	780
Personal property	-	1,138,610	1,174,810
	16,137,890	9,274,560	7,521,680
TIF District Increment	(6,993,506)	(4,304,109)	(3,634,013)
Certified Assessed Value	<u>\$ 9,144,384</u>	<u>\$ 4,970,451</u>	<u>\$ 3,887,667</u>
MILL LEVY			
General	10.366	10.677	10.684
Debt Service	57.301	59.019	59.060
Total mill levy	<u>67.667</u>	<u>69.696</u>	<u>69.744</u>
PROPERTY TAXES			
General	\$ 94,791	\$ 53,070	\$ 41,536
Debt Service	523,982	293,351	229,605
Levied property taxes	618,773	346,421	271,141
Adjustments to actual/rounding	36,010	-	-
Budgeted property taxes	<u>\$ 654,783</u>	<u>\$ 346,421</u>	<u>\$ 271,141</u>
ASSESSED VALUATION			
TIF District Increment	\$ 6,993,506	\$ 4,304,109	\$ 3,634,013
Certified Assessed Value	<u>\$ 6,993,506</u>	<u>\$ 4,304,109</u>	<u>\$ 3,634,013</u>
MILL LEVY			
General	10.366	10.677	10.684
Debt Service	57.301	59.019	59.060
Total mill levy	<u>67.667</u>	<u>69.696</u>	<u>69.744</u>
PROPERTY TAXES			
General	\$ 72,495	\$ 45,955	\$ 38,826
Debt Service	400,735	254,024	214,625
Budgeted property taxes	<u>\$ 473,230</u>	<u>\$ 299,979</u>	<u>\$ 253,451</u>
BUDGETED PROPERTY TAXES			
General	\$ 100,307	\$ 53,070	\$ 41,536
Debt Service	554,476	293,351	229,605
	<u>\$ 654,783</u>	<u>\$ 346,421</u>	<u>\$ 271,141</u>

See summary of significant assumptions.

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

1/20/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 59,340	\$ 82,200	\$ 34,552
REVENUES			
Property taxes	100,307	53,070	41,536
Specific ownership taxes	6,056	4,240	3,214
TIF Revenue	72,485	45,955	38,826
Interest Income	5,815	2,738	745
Other Revenue	686	2,953	-
Developer advance	-	-	62,727
Total revenues	185,349	108,956	147,048
Total funds available	244,689	191,156	181,600
EXPENDITURES			
General and administrative			
Accounting	43,179	41,000	44,000
Auditing	6,800	7,200	7,500
County Treasurer's Fee	2,311	1,485	1,205
Directors' fees	1,500	1,200	1,200
Dues and Membership	443	425	500
Insurance	6,631	8,388	9,227
District management	7,500	6,000	6,300
Legal	20,494	16,526	20,000
Miscellaneous	929	92	500
Election	-	2,000	-
Website	960	210	2,000
Contingency	-	-	368
Operations and maintenance			
Repairs and maintenance	-	-	3,200
Irrigation	-	-	7,000
Landscaping	50,444	48,000	48,000
Pest control	-	-	3,000
Snow removal	1,671	10,000	10,000
Utilities	19,627	14,078	15,000
Total expenditures	162,489	156,604	179,000
Total expenditures and transfers out requiring appropriation	162,489	156,604	179,000
ENDING FUND BALANCES	\$ 82,200	\$ 34,552	\$ 2,600
EMERGENCY RESERVE	\$ 5,600	\$ 3,300	\$ 2,600
TOTAL RESERVE	\$ 5,600	\$ 3,300	\$ 2,600

See summary of significant assumptions.

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 6,511	\$ 5,273	\$ -
REVENUES			
Property taxes	554,476	293,351	229,605
Specific ownership taxes	33,477	23,440	17,769
TIF Revenue	400,682	254,024	214,625
Interest Income	28,916	2,311	11,001
Total revenues	1,017,551	573,126	473,000
TRANSFERS IN			
Transfers from other funds	-	4	-
Total funds available	1,024,062	578,403	473,000
EXPENDITURES			
General and administrative			
County Treasurer's Fee	12,778	8,211	6,663
Paying agent fees	4,000	4,000	4,000
Contingency	-	-	996
Debt Service			
Bond interest	1,002,011	566,192	461,341
Total expenditures	1,018,789	578,403	473,000
Total expenditures and transfers out requiring appropriation	1,018,789	578,403	473,000
ENDING FUND BALANCES	\$ 5,273	\$ -	\$ -

See summary of significant assumptions.

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/20/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 3,087,509	\$ 1,196,781	\$ 1,345,686
REVENUES			
Interest Income	37,941	55,624	26,814
Other Revenue	-	520,811	-
Intergovernmental revenues	1,112,587	-	-
Total revenues	1,150,528	576,435	\$ 26,814
Total funds available	4,238,037	1,773,216	\$ 1,372,500
EXPENDITURES			
General and Administrative			
Accounting	6,308	3,000	5,000
Legal	7,313	5,500	6,000
Paying agent fees	-	5,000	5,000
Capital Projects			
Engineering	62,312	4,300	4,600
Capital outlay	2,965,323	409,726	1,351,900
Total expenditures	3,041,256	427,526	\$ 1,372,500
TRANSFERS OUT			
Transfers to other fund	-	4	-
Total expenditures and transfers out requiring appropriation	3,041,256	427,530	1,372,500
ENDING FUND BALANCES	\$ 1,196,781	\$ 1,345,686	\$ -

See summary of significant assumptions.

**COTTONWOOD HOLLOW RESIDENTIAL METRO DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Cottonwood Hollow Residential 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 Second Amended and Restated Service Plan approved by the Town on May 26, 2021. 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 6, 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 Maximum Mill Levies shall not exceed 55.664 mills for debt service purposes and shall not exceed 10.070 mills for administration and operating expenses. If, on or after January 1, 2021, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the Maximum Combined Mill Levy may be increased or decreased to reflect such changes, such increases or decreases. The adjusted maximum mill levy is 69.744 mills.

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 RESIDENTIAL METRO DISTRICT
2025 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 4.00% 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 4.00%.

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 RESIDENTIAL METRO DISTRICT
2025 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 1.50% of property tax collections.

Debt Service

There is no debt amortization schedule provided for the Series 2021(3) Bonds (discussed under Debt and Leases) as the Bonds are cash flow bonds and the timing of payments are unknown.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

In June 2021, the District issued \$30,147,000 in Series 2021(3) Limited Tax Obligation Bonds. The Bonds shall constitute limited tax general obligations of the District secured by and payable from the pledged revenues. The Bonds are cash flow bonds due on December 15, 2051 at an interest rate of 5.00%.

The District has 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.