NORTH HOLLY
Metropolitan District

THORNTON
ADAMS COUNTY, COLORADO

FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2025

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FLYNN CPA, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

North Holly Metropolitan District

Adams County, CO

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2025, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any 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.

Flynn CPA, LLC

Castle Pines, Colorado
July 27, 2027

NORTH HOLLY METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

		Governmental Activities
ASSETS		
Cash and investments	$	86,800
Cash and investments – restricted		295,478
Property taxes receivable		1,119,900
Specific ownership taxes receivable		4,559
Prepaid expenses		6,744
Land		8,690
Depreciable capital assets, net		326,190
Total Assets		**1,848,361**
LIABILITIES		
Accounts payable and accrued liabilities		9,664
Accrued interest payable		51,199
Bond premium		389,611
Current portion of general obligation bonds		220,000
General obligation bonds		12,800,000
Total Liabilities		**13,470,474**
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue		1,119,900
NET POSITION (DEFICIT)		
Restricted:		
Emergency reserves		7,600
Debt service		263,663
Capital projects		28,171
Non-spendable		6,744
Unassigned:		(13,048,191)
Net Position (Deficit)	**$**	**(12,742,013)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2025

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Primary Government:					
Government Activities:					
General government activities	$ (233,846)	$ 41,925	$ -	$ -	$ (191,921)
Interest and related costs on long-term debt	(1,419,668)		-	-	(1,419,668)
Capital project activities	(21,995)	-	-	-	(21,995)
	$ (1,675,509)	**$ 41,925**	**$ -**	**$ -**	**(1,633,584)**
	General Revenues				
	Property taxes				1,252,327
	Specific ownership taxes				61,985
	Net investment income				100,093
	Total general revenue				**1,414,405**
	Change in net position				(219,179)
	Net Position (Deficit) – Beginning of Year				(12,522,834)
	Net Position (Deficit) – End of Year				**$ (12,742,013)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	$ 86,800	$ -	$ -	$ 86,800
Cash and investments - Restricted	7,600	259,707	28,171	295,478
Property taxes receivable	261,900	858,000	-	1,119,900
Specific ownership taxes receivable	603	3,956	-	4,559
Prepaid expenses	6,744	-	-	6,744
TOTAL ASSETS	**$ 363,647**	**$ 1,121,663**	**$ 28,171**	**$ 1,513,481**
LIABILITIES				
Accounts payable and accrued liabilities	$ 9,664	$ -	$ -	$ 9,664
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	261,900	858,000	-	1,119,900
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**271,564**	**858,000**	**-**	**1,129,564**
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	7,600	-	-	7,600
Debt service	-	263,663	-	263,663
Capital projects	-	-	28,171	28,171
Non-spendable	6,744	-	-	6,744
Unrestricted	77,739	-	-	77,739
TOTAL FUND BALANCES	**92,083**	**263,663**	**28,171**	**383,917**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 363,647**	**$ 1,121,663**	**$ 28,171**	

Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land	8,690
Property, structures and equipment, net	326,190
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(13,020,000)
Accrued interest payable	(51,199)
Bond Premium	(389,611)
Net position of governmental activities	**$ (12,742,013)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2025

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	$ 165,601	$ 1,086,726	$ -	$ 1,252,327
Specific ownership taxes	8,197	53,788	-	61,985
Equalization funding fees	41,925	-	-	41,925
Other income	-	-	-	-
Net investment income	1,766	97,428	899	100,093
Total Revenues	**217,489**	**1,237,942**	**899**	**1,456,330**
EXPENDITURES				
General and administration	100,570	-	-	100,570
Landscaping maintenance	108,666	-	-	108,666
Other district expenses	24,610	-	-	24,610
Debt service				
Debt management & compliance	-	24,308	-	24,308
Bond interest payments	-	2,736,923	-	2,736,923
Bond principal payments	-	13,184,000	-	13,184,000
Bond issuance costs	-	333,212	-	333,212
Major capital projects	-	-	-	-
Total Expenditures	**233,846**	**16,278,443**	**-**	**16,512,289**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(16,357)**	**(15,040,501)**	**899**	**(15,055,959)**
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(32,000)	-	32,000	-
Proceeds from Series 2025 Bonds	-	13,411,176	-	13,411,176
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**(48,357)**	**(1,629,325)**	**32,899**	**(1,644,783)**
FIND BALANCES – BEGINNING	**140,440**	**1,892,988**	**(4,728)**	**2,028,700**
FUND BALANCES – END OF YEAR	**$ 92,083**	**$ 263,663**	**$ 28,171**	**$ 383,917**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	$	(1,644,783)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Repayment of Series 2018 Bonds		13,184,000
Proceeds from issuance of Series 2025 Bonds		(13,411,176)
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 net capital outlay activity for the year:		
Construction of public infrastructure		-
Depreciation expense on property, structures and equipment		(21,995)
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.		
Decrease in accrued interest on bond debt		1,673,210
Bond premium amortization		1,565
Changes in net position of governmental activities	**$**	**(219,179)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 165,600	$ 165,601	$ 1
Specific ownership taxes	11,100	8,197	(2,903)
Equalization funding fees	-	41,925	41,925
Other income	-	-	-
Net investment income	21,100	1,766	(19,334)
Total Revenues	**197,800**	**217,489**	**19,689**
EXPENDITURES			
General and administration	80,700	100,570	(19,870)
Landscaping maintenance	141,000	108,666	32,334
Other district expenses	29,500	24,610	4,890
Total Expenditures	**251,200**	**233,846**	**17,354**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(53,400)**	**(16,357)**	**37,043**
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(32,000)	(32,000)	-
Total Other Financing Sources (Uses)	**(32,000)**	**(32,000)**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	**(85,400)**	**(48,357)**	**37,043**
FUND BALANCE – BEGINNING OF YEAR	**115,700**	**140,440**	**24,740**
FUND BALANCE – END OF YEAR	**$ 30,300**	**$ 92,083**	**$ 61,783**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	$ 40,000	$ 39,996	$ 4
Administrative costs	3,000	1,220	1,780
Audit fees	8,500	8,500	-
Collection fees – County Treasurer	2,500	2,485	15
Board of Directors' fees	3,500	3,400	100
Board training and conferences	3,000	400	2,600
Board election expenses	8,500	11,671	(3,171)
Insurance	3,700	2,560	1,140
Legal fees	5,000	-	5,000
Debt mgmnt & compliance cost allocation	-	-	-
Contingency	3,000	30,338	(27,338)
Total General and Administration	**$ 80,700**	**$ 100,570**	**$ (19,870)**
LANDSCAPING MAINTENANCE			
Ground maintenance fees	42,000	40,166	1,834
Winter Tree Watering	-	1,920	(1,920)
Tree maintenance & replacement	5,000	225	4,775
Sprinkler repairs	8,000	5,542	2,458
Sprinklers – water	42,000	46,309	(4,309)
Sprinklers – electricity	700	435	265
Landscaping projects	30,000	-	30,000
Backflow maintenance	2,000	4,472	(2,472)
Playground maintenance	2,000	116	1,884
Property insurance	2,300	3,996	(1,696)
Porta-potty services	4,000	2,962	1,038
Miscellaneous landscape costs	3,000	2,523	477
Total Landscaping Maintenance	**$ 141,000**	**$ 108,666**	**$ 32,334**
OTHER DISTRICT EXPENSES			
Snow removal	7,000	2,297	4,703
Newsletter publication costs	1,000	1,881	(881)
Vandalism	1,500	-	1,500
Park and recreation events	20,000	20,432	(432)
Total Other District Expenses	**$ 29,500**	**$ 24,610**	**$ 4,890**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

North Holly Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 18, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Thornton (City) in August 2005 and amended with City approval in August 2007, January 2014 and May 2017. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also established to (1) maintain all open spaces, parks and recreation improvements within the District and (2) maintain perimeter fencing.

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 organizations 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 organizations 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 significant accounting policies of the District are 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.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows 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 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 governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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 is due.

The District reports the following major governmental funds:

> The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.
>
> The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

In accordance with Colorado State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate 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.

Actual expenditures in the Debt Service fund exceeded budget amounts. This may be a violation of State law.

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.

Investments are carried at net asset value.

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.

On November 4, 2014, District voters authorized the District to assess property taxes up to $1,000,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow 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.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. The 2025 budget projects the District's share of specific ownership taxes received from the State will be equal to approximately 4.9% of total property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Park & Recreation Equalization Fee

On November 30, 2020, the District adopted a resolution establishing a fee to fund the cost of maintaining the 8.7-acre North Holly park owned and maintained by the District (Equalization Fee). The Equalization Fee is $1,075 per Lot (as adjusted by the District on July 28, 2021) and is assessed once at the time a certificate of occupancy is issued by the City and due to the District 10 days after the sale of each Lot to an end user. The purpose of the fee is to equalize the cost burden across all 363 home lots related to maintaining a fully developed park designed to benefit 363 lots. As of December 31, 2025, the District has collected the Equalization Fee for all 363 Lots.

Debt Management & Compliance

CRS 32-1-1101(6)(b) prohibits the issuance of general obligation debt and other obligations in an amount that exceeds the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property within the District unless the funding of such obligations (which financial obligations include more than just funding principal and interest payments) is payable from a limited debt service mill levy, which mill levy shall not exceed 50 mills (as adjusted to offset any changes in the method of calculating the assessed value of property within the District).

Debt management and compliance costs incurred by the District include all costs incurred by the District that enable and support the District's ability to manage the District's various contractual obligations per its multiple year debt agreements. Such debt agreements require the District to assess an annual debt mill levy, collect property taxes from such debt mill levy, pay periodic interest and principal payments to the lender/bondholders and comply with various operational and reporting requirements (covenants). Generally, such costs include (a) county treasurer collection fees, (b) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (c) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (d) lender/bond trustee service fees, (e) costs related to managing the District's annual property tax assessment process and (f) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

For the 2025 year, the District estimated 35% of general and administrative costs were related to the District's contractual obligations to manage the District's debt repayment process and comply with the various covenants in the District's debt agreements. However, the District allocated none of these costs to the Debt Fund. Fees charged by the County Treasurer to collect taxes on behalf of the District from the District's debt mill levy are directly reported in the District's Debt Fund. Service fees charged by the lender/bond trustee and any costs related to refinancing the District's debt are directly reported in the District's Debt Fund.

Amortization of Series 2025 Bond Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premium and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2025 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has 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.

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

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Liabilities

The District identifies and records liabilities that meet the following three essential characteristics of a liability as defined by FASB Concept Statement No. 6:

1) it embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand;

2) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and

3) the transaction or other event obligating the entity has already happened.

Agreements where amounts payable by the District are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution do not meet the definition of a liability and are considered contingent obligations.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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: non-spendable, 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:

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

- ***Restricted fund balance*** – The portion of a 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 a 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 a 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 a fund balance that does not meet any of the criteria described above.

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

Adoption of New Accounting Standards

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

The District adopted the requirements of this guidance effective January 01, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of net position:		
Cash and investments – unrestricted	$	86,800
Cash and investments – restricted		295,478
Total cash and investments	**$**	**382,278**

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

Deposits with financial institutions	$	82,931
Investments		299,347
Total cash and investments	**$**	**382,278**

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash held at financial institutions had a bank balance of $83,731 and a carrying balance of $82,931.

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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less. 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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	$ 299,347

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to $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. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. 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. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAm by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2025, follows:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025	Accumulated Depreciation
Basketball court	$ 49,600	$ -	$ -	$ 49,600	($ 11,968)
Playground and park equipment	175,993	-	-	175,993	(66,379)
Sidewalks	130,300	-	-	130,300	(23,516)
Pavilion	55,400	-	-	55,400	(15,540)
Irrigation system	45,000	-	-	45,000	(12,700)
Capital assets, net	**$ 456,293**	**$ -**	**$ -**	**$ 456,293**	**($ 130,103)**

As of December 31, 2025, the District owns one 8.69-acre land tract within the Holly Hills Estates Filing No. 1 subdivision. The District records its public land holdings at a nominal value of $8,690. The Developer has indicated it will be turning over ownership of the remaining 14.43 acres of open space land tracts within the homeowner-controlled District to the North Hill Homeowners Association, Inc.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2025:

	Balance at Dec. 31, 2024	Additions	Retirements	Balance at Dec. 31, 2025	Due within one year
Series 2018A G.O. Bonds	$ 10,555,000	$ -	($10,555,000)	$ -	$ -
Accrued Interest – Series 2018A G.O. Bonds	48,377	580,525	(628,902)	-	-
Series 2018B G.O. Bonds	1,015,000	-	(1,015,000)	-	-
Accrued Interest – Series 2018B G.O. Bonds	639,458	130,289	(769,747)	-	-
Series 2018C Junior Lien Bonds	1,614,000	-	(1,614,000)	-	-
Accrued Interest – Series 2018C Junior Lien Bonds	1,036,574	212,046	(1,248,620)	-	-
Series 2025 G.O. Bonds	-	13,020,000	-	13,020,000	220,000
Accrued Interest – Series 2025 G.O. Bonds	-	51,199	-	51,199	-
Total	**$ 14,908,409**	**$13,994,059**	**($15,831,269)**	**$ 13,071,199**	**$ 220,000**

Details regarding the District's long-term obligations are as follows:

Series 2025 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds

On December 03, 2025, the District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2025 in the amount of $13,020,000. The stated interest rate on the Series 2025 Bonds ranges between 5.00% and 5.25%, and the Bonds are payable semi-annually on June 1 and December 1, beginning on December 01, 2026. The Bonds mature on December 01, 2048. The Senior Bonds are secured by and payable solely from Pledged Revenue, net of any costs of collection, which is comprised of the following:

a) all Property Tax Revenues generated by the imposition of the Required Debt Mill Levy; and
b) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Indenture of Trust Agreement for the Series 2025 Bonds establishes a Maximum Debt Mill levy the District is permitted to impose on taxable property within the District to fund the repayment of the Senior Bonds. The Maximum Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 01, 2004. As of January 01, 2004 the ratio was 7.96%. The ratio for 2025 is 6.70%, which caused the Maximum Debt Mill Levy for debt service for 2025 to be 63.064 mills.

The Series 2025 Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2030, and on any date thereafter, upon payment of par and accrued interest with no redemption premium.

Outstanding bond principal and interest on the Series 2025 Bonds mature as follows:

	Principal	Interest	Total
2026	$ 220,000	$ 641,458	$ 861,458
2027	205,000	656,413	861,413
2028	215,000	646,163	861,163
2029	225,000	635,413	860,413
2030	235,000	624,163	859,163
2031-2035	1,370,000	2,931,315	4,301,315
2036-2040	1,750,000	2,553,065	4,303,065
2041-2045	2,235,000	2,069,315	4,304,315
2046-2050	2,865,000	1,437,977	4,302,977
2051-2055	3,700,000	602,964	4,302,964
Total	**$ 13,020,000**	**$ 12,798,246**	**$ 25,818,246**

The District's detail debt service schedule for its Series 2025 Bonds is provided on page 26.

Events of Default – Series 2025 Bonds

The following events are considered events of default under the Series 2025 Bonds: (1) the failure by the District to impose the Limited Mill Levy or the Unlimited Mill Levy, as applicable, or to apply the proceeds of any Pledged Revenue as required by the terms of the Bond Resolution, (2) the occurrence and continuation of an event of default in connection with any Parity Obligations, as officially declared pursuant to the terms of the authorizing resolution or other documentation providing for the issuance of said Parity Obligations, (3) the breach by the District of any material covenant set forth in the Bond Resolution or failure by the District to perform any material duty imposed on it and continuation of such breach or failure for a period of thirty days after receipt by the President of the District of written notice thereof from the Owner, provided that such thirty day period shall be extended so long as the District has commenced and continues a good faith effort to remedy such breach or failure or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default. Available remedies for an Event of Default are (1) Trustee initiating a lawsuit against the District and (2) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization

Debt Authorization – Service Plan

The District's second amendment to its Amended and Restated Service Plan, which was approved by the City of Thornton on May 09, 2017, authorizes the District to issue up to $15 million in debt over a term not to exceed 40 years. The repayment of the District's debt can exceed 40 years if the majority of the District's Board are residents of the District and the District's Board has voted in favor of refunding a part or all of the District's debt (which must result in a net present value savings).

The District's second amendment to its Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2004. As of January 1, 2004, the ratio was 7.96%. The ratio for 2025 was 6.70%, which caused the District's Maximum Mill Levy for debt service for 2025 to be 63.064 mills.

As of December 31, 2025, total remaining debt issuance authorization under the District's second Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	$ 15,000,000
Less:	
2018A Senior Bonds	(10,555,000)
2018B Subordinate Bonds	(1,015,000)
2018C Junior Lien Bonds	(1,614,000)
Unused, authorized debt issuance as of Dec. 31, 2025	**$ 1,816,000**

Debt Authorization – TABOR

On November 1, 2005, the District's five electors (all of whom were qualified to vote by the owner of all land within the District at that time) unanimously voted to authorize the issuance of indebtedness in an amount not to exceed $5,100,000 for infrastructure improvements and operations at an interest rate not to exceed 18% and $5,000,000 for refunding the District's debt.

On November 4, 2014, the District's eight electors (all of whom were qualified to vote by the owner of all land within the District at that time) unanimously voted to authorize the issuance of indebtedness in an amount not to exceed $30,000,000 for infrastructure improvements and operations at an interest rate not to exceed 18% and $6,000,000 for refunding the District's debt.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov. 2005 Election	Authorized Nov. 2014 Election	Issuance of 2018 Bonds	Authorization Expiring in 2025	Remaining Authorization
Street improvements	$ -	$ 6,000,000	($ 5,240,698)		$ 759,302
Park and recreational facilities	-	6,000,000	(1,360,819)		4,639,181
Storm drainage & sewer facilities	-	6,000,000	(1,390,184)		4,609,816
Water supply facilities	-	6,000,000	(2,014,226)		3,985,774
Sewer facilities	5,000,000	-	(3,178,073)	(1,821,927)	-
Operations and maintenance	100,000	6,000,000	-	(100,000)	6,000,000
Intergovernmental agreements	-	6,000,000	-	-	6,000,000
Subtotal	**5,100,000**	**36,000,000**	**(13,184,000)**	**(1,921,927)**	**25,994,073**
Refunding of debt	5,000,000	6,000,000	-	(5,000,000)	6,000,000
Total	**$ 10,100,000**	**$42,000,000**	**($13,184,000)**	**($ 6,921,927)**	**$ 31,994,073**

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District's electors will expire in November 2034 - 20 years after the original debt authorization election.

NOTE 6 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with the Developer (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner ("Commissioner"). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2025:

Operations and Maintenance Cost Reimbursement Agreement. On November 10, 2017, the District and the Developer entered into an Operation Reimbursement Agreement (OMCR Agreement) pursuant to which the Developer agreed to advance cash to the District to fund any District cash shortfalls that would prevent the District from funding its operating and maintenance costs. The District agreed to reimburse the Developer for such amounts, subject to annual appropriation by the District. The contingent obligation bears simple interest at 7% per annum. The OMCR Agreement may be terminated by either (1) mutual agreement of the District and the Developer or (2) the District's repayment of all cash advances received from the Developer plus accrued interest.

For the 12-month period ended December 31, 2025, District payments made, advances received and interest accrued under the OMCR Agreement is as follows:

	Cash advances net of repayments	Accrued interest net of repayments	Total
Beginning Balance (Jan 01, 2025)	$ 146,552	$ 62,347	$ 208,899
Additional advances	-	-	-
Accrued interest	-	10,259	10,259
Payments to the Developer	-	-	-
Ending Balance (Dec. 31, 2025)	**$ 146,552**	**$ 72,606**	**$ 219,158**

Infrastructure Acquisition Agreement with Developer. On November 10, 2017, the District entered into an agreement with the Developer to fund public infrastructure identified in the District's Service Plan that is constructed by the Developer (IA Agreement). The costs submitted by the Developer to the District for reimbursement must be supported by either (1) evidence of a public bid process for work performed or (2) certification of such costs by an independent, professional engineer licensed in the State of Colorado.

The IA Agreement indicates the Developer shall convey the public infrastructure and related work to the District by means of a bill of sale or shall convey the public infrastructure at the request of the District to other parties for the benefit of the District. However, the Developer is also party to the Developer's Agreement for Holly Hills Estates Filing No. 1, Amendment No 1 (dated April 24, 2014 and all subsequent amendments thereto) with the City to construct public infrastructure within the District (the "Developer Agreement w City"). Per the Developer Agreement w City, the Developer agreed to convey directly to the City all public infrastructure constructed by the Developer and agreed to provide the City with a warranty covering all such public infrastructure in the form of cash, cashiers check, irrevocable letter of credit, assignment of funds or warranty bonds.

Per the Developer Agreement with the City of Thornton dated April 24, 2014, as amended on May 10, 2017, the Developer's budget for installing all public infrastructure within the District is as follows:

Construction Phase	Developer's Budgeted Cost
Phase 1	$ 4,401,352
Phase 2	4,927,976
Phase 3	3,741,477
Phase 4	1,885,488
Total	**$ 14,956,293**

Funding paid to the Developer under IA Agreement is as follows:

	Public Infrastructure costs reported by Developer	**Funding paid to Developer**	**Balance due to/(from) Developer under IA Agreement**
Beginning balance (Jan. 01, 2025)	$ 9,192,067	($ 9,505,365)	($ 313,298)
Additional certified Developer costs	-	-	-
Payments to the Developer	-	-	-
Ending balance (Dec. 31, 2025)	**$ 9,192,067**	**($ 9,505,365)**	**($ 313,298)**

NOTE 7 – NET POSITION (DEFICIT)

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2025 in the general fund, debt service fund and capital project fund totaled $6,744, $0, and $0, respectively.

Restricted Net Position

The District's restricted net position as of December 31, 2025 in the general fund, debt service fund and capital projects fund totaled $7,600, $263,663 and $28,171, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2025 Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

The District's unassigned net position as of December 31, 2025 totaled ($13,048,191). This deficit amount was a result of the District being responsible for the repayment of bonds issued for subsidizing the construction of public improvements conveyed to the City of Thornton and the District.

NOTE 8 – EQUALIZATION FUNDING FEES

On November 30, 2020, the Board adopted a resolution establishing a one-time fee to be assessed on all Lots at the time a certificate of occupancy is issued. The purpose of the fee is to (1) address current and future projected funding shortfalls in the District's general fund related to the management and operation of fully developed assets (e.g. 8.7-acre park) designed to service a fully-built out District at a time when the District is not fully built out and (2) equalize the cost burden across all Lots from receiving park and recreation services provided by the District. The District further noted the park is directly used by residents and the park is used by the Developer to market and sell its undeveloped lots. Finally, the District noted the District, while under Developer control, desired to develop the park prior to developing the home lots to gnat sufficient property tax revenue to support the on-going maintenance if such park facilities. The Fee was established at $1,300 per Lot and applicable to all Lots for which no certificate of occupancy had been issued as of December 04, 2020.

On June 16, 2021, the Board adopted a resolution changing the Equalization Funding Fee from $1,300 to $1,075. The revised Fee is retroactively effective as of December 04, 2020 – the date the original Fee was applied to all Lots for which no certificate of occupancy had yet been issued.

	Home Lots	Equalization Funding Fees
Remaining Lots subject to the Equalization Funding Fee as of December 31, 2024	39	$ 41,925
Fees collected by the District in 2025	(39)	(41,925)
Remaining Lots subject to paying the Equalization Funding Fee as of December 31, 2025	**-**	**$ -**

NOTE 9 – RELATED PARTIES

Between November 2017 and May 05, 2020, the District's board was comprised of three directors – all of whom were employees of Toll Southwest, LLC (Developer). Between 2018 and May 2020, the District's three directors approved the IA Agreement between the District and the Developer under which the directors approved payments to the Developer totaling $9,505,365 in cash and Junior Lien Bonds to fund public infrastructure constructed by the Developer.

All contingent obligation agreements disclosed in Note 6 were executed by the District when all directors on the District's Board were employees of the Developer.

For the 12-month period ended December 31, 2025, none of the directors serving on the District's board reported conflicts of interest regarding their service on the Board.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 – 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.

On November 4, 2014, eight electors (all of whom were qualified to vote by the owner of all land within the District at that time) unanimously voted to approve ballot measures that:

- authorized the District to assess property taxes up to $1 million annually, without limitation to rate, to pay the District's operations, maintenance and other expenses; and

- authorized the District to assess property taxes up to $6 million annually, without limitation to rate, to fund any intergovernmental agreements or other contracts the District may enter into with other entities; and

- allow the District to retain and spend all revenue – including revenue raised from fees and from ad valorem taxes – in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

SUPPLEMENTARY INFORMATION

NORTH HOLLY METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 1,086,700	$ 1,086,726	$ 26
Specific ownership taxes	72,800	53,788	(19,012)
Net investment income	36,400	97,428	61,028
Total Revenues	**1,195,900**	**1,237,942**	**42,042**
EXPENDITURES			
Debt management & compliance	24,300	24,308	(8)
Cash payments on debt			
Interest payments - Series 2018A Bonds	580,500	580,525	(25)
Interest payments - Series 2018B Bonds	287,100	811,156	(524,056)
Interest payments - Series 2018C Bonds	-	1,345,242	(1,345,242)
Interest Expense - Series 2025 Bonds	-	-	-
Bond principal – 2018A Series Bonds	35,000	10,555,000	(10,520,000)
Bond principal – 2018B Series Bonds	-	1,015,000	(1,015,000)
Bond principal – 2018C Series Bonds	-	1,614,000	(1,614,000)
Bond principal – 2025 Series Bonds	-	-	-
Bond issuance costs	-	333,212	(333,212)
Total Expenditures	**926,900**	**16,278,443**	**(15,351,543)**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**269,000**	**(15,040,501)**	**(15,309,501)**
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Proceeds from Series 2025 Bonds	-	13,411,176	13,411,176
Total Other Financing Sources (Uses)	-	13,411,176	13,411,176
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	**269,000**	**(1,629,325)**	**(1,898,325)**
FUND BALANCE – BEGINNING	**1,842,000**	**1,892,988**	**50,988**
FUND BALANCE – END OF YEAR	**$ 2,111,000**	**$ 263,663**	**$ (1,847,337)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
DEBT SERVICE FUND
DEBT MANAGEMENT & COMPLIANCE EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DEBT MANAGEMENT & COMPLIANCE			
Collection fees – County Treasurer	$ 16,300	$ 16,308	$ (8)
Debt management & compliance cost allocation	-	-	-
Bond paying agent fees	8,000	8,000	-
Miscellaneous	-	-	-
Total Debt Management & Compliance Expenses	**$ 24,300**	**$ 24,308**	**$ (8)**

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	$ 2,000	$ 899	$ (1,101)
Other	-	-	-
Total Revenues	**2,000**	**899**	**(1,101)**
EXPENDITURES			
Capital projects			
Major capital projects	30,000	-	30,000
Total Expenditures	**30,000**	**-**	**30,000**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(28,000)**	**899**	**(31,101)**
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	32,000	32,000	-
Total Other Financing Sources (Uses)	**32,000**	**32,000**	**-**
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	**4,000**	**32,899**	**31,101**
FUND BALANCE – BEGINNING OF YEAR	**15,000**	**(4,728)**	**(19,728)**
FUND BALANCE – END OF YEAR	**$ 19,000**	**$ 28,171**	**$ 11,373**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NORTH HOLLY METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2025

The District's repayment schedule for its Series 2025 general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2026	$ 220,000	$ 641,458	5.00%	$ 861,458
2027	205,000	656,413	5.00%	861,413
2028	215,000	646,163	5.00%	861,163
2029	225,000	635,413	5.00%	860,413
2030	235,000	624,163	5.00%	859,163
2031	250,000	612,413	5.00%	862,413
2032	260,000	599,913	5.00%	859,913
2033	275,000	586,913	5.00%	861,913
2034	285,000	573,163	5.00%	858,163
2035	300,000	558,913	5.00%	858,913
2036	315,000	543,913	5.00%	858,913
2037	335,000	528,163	5.00%	863,163
2038	350,000	511,413	5.00%	861,413
2039	365,000	493,913	5.00%	858,913
2040	385,000	475,663	5.00%	860,663
2041	405,000	456,413	5.00%	861,413
2042	425,000	436,163	5.00%	861,163
2043	445,000	414,913	5.00%	859,913
2044	470,000	392,663	5.00%	862,663
2045	490,000	369,163	5.00%	859,163
2046	515,000	344,663	5.25%	859,663
2047	545,000	317,625	5.25%	862,625
2048	570,000	289,013	5.25%	859,013
2049	600,000	259,088	5.25%	859,088
2050	635,000	227,588	5.25%	862,588
2051	665,000	194,250	5.25%	859,250
2052	700,000	159,338	5.25%	859,338
2053	740,000	122,588	5.25%	862,588
2054	775,000	83,738	5.25%	858,738
2055	820,000	43,050	5.25%	863,050
	$ 13,020,000	**$ 12,798,246**		**$ 25,818,246**

The original face value of these bonds totaled $13,020,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

NORTH HOLLY METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2020	$ 4,054,160	11.132	55.663	$ 270,798	$ 270,797	100.0%
2021	5,307,760	15.981	55.663	380,200	379,612	99.8%
2022	9,687,090	8.820	55.663	624,600	608,659	97.4%
2023	12,596,020	9.074	57.265	835,600	806,950	96.6%
2024	15,997,270	9.412	59.403	1,100,900	1,102,874	100.2%
2025	17,232,100	9.610	63.064	1,252,300	1,252,326	100.0%
2026	18,482,400	14.170	46.423	1,119,900	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

NORTH HOLLY METROPOLITAN DISTRICT

CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2025

	2024 Mill Levy *	2025 Mill Levy **	Change
North Holly Metropolitan District	72.674	60.593	(12.081)
Brighton School District No. 27J	56.644	56.290	(0.354)
Adams County	26.944	27.479	0.535
City of Thornton	10.210	10.210	0.000
Rangeview Library District	3.667	3.715	0.048
Urban Drainage and Flood Control	0.900	0.900	0.000
Urban Drainage and Flood Control – South Platte	0.100	0.100	0.000
Total Mill Levy	**171.139**	**159.287**	**(11.852)**

* -- For property tax collections in 2025

** -- For property tax collections in 2026

NORTH HOLLY METROPOLITAN DISTRICT

HISTORICAL DEBT RATIOS

December 31, 2025

	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
General Obligation Bonds	$ 13,184,000	$ 13,184,000	$13,184,000	$ 13,184,000	$ 13,020,000
Accrued, unpaid interest - Bonds	$ 848,509	$ 1,120,625	$ 1,407,293	$ 1,724,409	$ 51,199
Restricted cash	($1,248,666)	($1,208,760)	($1,396,342)	($1,889,415)	($ 251,633)
Combined assessed property values within the District	$ 9,687,090	$ 12,596,020	$ 15,997,270	$ 17,232,100	$ 18,482,400
Ratio of debt to assessed property values	132.0%	104.0%	82.5%	75.6%	69.4%