COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

CONTENTS

	Page
Independent Auditor's Report	I
Basic Financial Statements	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	20
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Projects Fund	21
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	22
Continuing Disclosure Annual Financial Information – Unaudited	
Ten Largest Owners of Taxable Property within the District	23
Assessed Valuation of Classes of Property in the District	24

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Colliers Hill Metropolitan District No. 2
Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Colliers Hill Metropolitan District No. 2 (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 the Colliers Hill Metropolitan District No. 2 as of December 31, 2025, and the respective changes in financial position and 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. 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 Supplemental 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as noted in the table of contents are presented for purposes of additional analysis and are 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.

Unaudited Information

The Continuing Disclosure Annual Financial Information – Unaudited as listed in the table of contents has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.



Flynn CPA, LLC

Castle Pines, CO
September 24, 2026

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	$ 328,153	$ -	$ -	$ 328,153	$ -	$ 328,153
Cash and investments - restricted	2,347	2,720,478	67,428	2,790,253	-	2,790,253
Receivable - county treasurer	943	26,145	-	27,088	-	27,088
Property taxes receivable	94,031	2,890,288	-	2,984,319	-	2,984,319
Prepaid expenses	3,656	-	-	3,656	-	3,656
Prepaid bond insurance, net of accumulated amortization	-	-	-	-	207,254	207,254
Capital assets not being depreciated	-	-	-	-	554,941	554,941
Total Assets	$ 429,130	$ 5,636,911	$ 67,428	$ 6,133,469	762,195	6,895,664
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	1,733,786	1,733,786
Total Deferred Outflows of Resources	-	-	-	-	1,733,786	1,733,786
Total Assets and Deferred Outflows of Resources	$ 429,130	$ 5,636,911	$ 67,428	$ 6,133,469		
LIABILITIES						
Accounts payable	$ 54,188	$ -	$ -	$ 54,188	-	54,188
Accrued interest on bonds	-	-	-	-	2,692,550	2,692,550
Long-term liabilities:						
Due within one year	-	-	-	-	565,000	565,000
Due in more than one year	-	-	-	-	34,365,318	34,365,318
Total Liabilities	54,188	-	-	54,188	37,622,868	37,677,056
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	94,031	2,890,288	-	2,984,319	-	2,984,319
Total Deferred Inflows of Resources	94,031	2,890,288	-	2,984,319	-	2,984,319
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepaids	3,656	-	-	3,656	(3,656)	-
Restricted:						
Emergencies	2,347	-	-	2,347	(2,347)	-
Debt service	-	2,746,623	-	2,746,623	(2,746,623)	-
Capital projects	-	-	67,428	67,428	(67,428)	-
Unassigned	274,908	-	-	274,908	(274,908)	-
Total Fund Balances	280,911	2,746,623	67,428	3,094,962	(3,094,962)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 429,130	$ 5,636,911	$ 67,428	$ 6,133,469		
Net Position:						
Restricted for:						
Emergencies					2,347	2,347
Debt service					2,746,623	2,746,623
Capital projects					67,428	67,428
Unrestricted					(34,848,323)	(34,848,323)
Total Net Position					$ (32,031,925)	$ (32,031,925)

The notes to the financial statements are an integral part of these statements.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES						
Accounting and audit	$ 13,042	$ -	$ -	$ 13,042	$ -	$ 13,042
Insurance	4,052	-	-	4,052	-	4,052
Legal	17,717	-	-	17,717	-	17,717
Directors fees	600	-	-	600	-	600
Payroll taxes	80	-	-	80	-	80
Stormwater maintenance	44,443	-	-	44,443	-	44,443
Treasurer's fees	1,399	38,783	-	40,182	-	40,182
Transfer to District No. 3	-	423,000	-	423,000	-	423,000
Bond principal	-	455,000	-	455,000	(455,000)	-
Interest expense	-	1,350,665	-	1,350,665	882,228	2,232,893
Trustee fees	-	10,000	-	10,000	-	10,000
Total Expenditures	81,333	2,277,448	-	2,358,781	427,228	2,786,009
PROGRAM REVENUES						
Facility fees	-	337,500	-	337,500	-	337,500
Total Program Revenues	-	337,500	-	337,500	-	337,500
Net Program Income (Expenses)	(81,333)	(1,939,948)	-	(2,021,281)	(427,228)	(2,448,509)
GENERAL REVENUES						
Property taxes	93,235	2,584,096	-	2,677,331	-	2,677,331
Specific ownership taxes	3,777	104,686	-	108,463	-	108,463
Interest income	70,342	104,008	515	174,865	-	174,865
Miscellaneous income	-	-	1,155	1,155	-	1,155
Total General Revenues	167,354	2,792,790	1,670	2,961,814	-	2,961,814
NET CHANGES IN FUND BALANCES	86,021	852,842	1,670	940,533	(940,533)	
CHANGE IN NET POSITION					513,305	513,305
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	194,890	1,893,781	65,758	2,154,429	(34,699,659)	(32,545,230)
END OF YEAR	$ 280,911	$ 2,746,623	$ 67,428	$ 3,094,962	$ (35,126,887)	$ (32,031,925)

The notes to the financial statements are an integral part of these statements.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 93,235	$ 93,235	$ -
Specific ownership taxes	5,374	3,777	(1,597)
Interest income	1,000	70,342	69,342
Total Revenues	99,609	167,354	67,745
EXPENDITURES			
Accounting and audit	33,500	13,042	20,458
Election expenses	5,000	-	5,000
Insurance	5,000	4,052	948
Legal	27,000	17,717	9,283
Directors fees	4,530	600	3,930
Payroll taxes	376	80	296
Miscellaneous expenses	100	-	100
Stormwater maintenance	75,000	44,443	30,557
Treasurer's fees	1,399	1,399	-
Contingency	46,620	-	46,620
Emergency reserve	2,265	-	2,265
Total Expenditures	200,790	81,333	119,457
NET CHANGE IN FUND BALANCE	(101,181)	86,021	187,202
FUND BALANCE:			
BEGINNING OF YEAR	101,181	194,890	93,709
END OF YEAR	$ -	$ 280,911	$ 280,911

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Colliers Hill Metropolitan District No. 2, (the "District"), located in Weld County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on June 19, 2008, under the name of Bridgewater Metropolitan District No. 2 as a quasi-municipal organization established under the State of Colorado Special District Act. The name of the District was changed to DayBreak Metropolitan District No. 2 on June 7, 2013, and subsequently to Colliers Hill Metropolitan District No. 2 on June 2, 2014. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes and facility fees (see Note 5). The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e., the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

In October 2025 the District amended its total appropriations in the Debt Service Fund from $1,987,350 to $2,397,385 primarily due to the anticipation of transferred facility fees to District No. 3.

Assets, Liabilities, Deferred Inflows/Inflows of Resources and Net Position:

Fair Value of Financial Instruments

The District’s financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District’s cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prepaid Bond Insurance and Deferred Loss on Refunding

The prepaid debt insurance for the Series 2022A-1 Bonds, Series 2022A-2 Bonds and Series 2020B Bonds is being amortized over the respective terms of the bonds using the effective interest method. Accumulated amortization of the prepaid debt insurance amounted to $60,317 at December 31, 2025. The deferred loss on refunding is being amortized over the life of the bonds using the effective interest method. Accumulated amortization on the deferred loss on refunding amounted to $504,585, at December 31, 2025.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting under this category. Property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2025.

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance
Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of $3,656 represents prepaid expenditures.

Restricted Fund Balance
The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $2,347 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $2,746,623 is restricted for the payment of the debt service costs associated with the General Obligation Limited Tax Refunding Bonds Series 2022A Series 2022B-1 and Series 2022B-2 (see Note 4).

The restricted fund balance in the Capital Project Fund in the amount of $67,428 is restricted for the payment of the costs associated with capital improvements.

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position 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.

The District adopted the requirements of the guidance effective January 1, 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 2: Cash and Investments

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

Statement of Net Position:		
Cash and investments	$	328,153
Cash and investments - Restricted		2,790,253
Total	$	3,118,406

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

Deposits with financial institutions	$	42,056
Investments - COLOTRUST		3,076,350
	$	3,118,406

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2025, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2025, the District had $3,076,350 invested in COLOTRUST Plus+.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2025, follows:

Governmental Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Construction in progress	$ 554,940	$ -	$ -	$ 554,940
Total capital assets	$ 554,940	$ -	$ -	$ 554,940

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2025, is as follows:

Taxable Limited Tax General Obligation Refunding Bonds Series 2022A Series 2022B-1 and Series 2022B-2 - On February 8, 2022, the District issued the Taxable Limited Tax General Obligation Refunding Bonds Series 2022A (the "Series 2022A Bonds") in the amount of $12,705,000, the Taxable (Convertible to Tax-Exempt) Subordinate Limited Tax General Obligation Refunding Bonds Series 2022B-1 (the "Series 2022B-1 Bonds") in the amount of $15,995,000 and the Subordinate Limited Tax General Obligation Bonds Series 2022B-2 (the "Series 2022B-2 Bonds") in the amount of $7,782,000.

The Series 2022A Bonds carry a coupon rate ranging from 1.491% to 3.989% and mature on December 1, 2047. The Series 2022A Bonds are secured by a required maximum mill levy of 55.664 mills, less the operations mill levy (the "Senior Required Mill Levy"), the portion of specific ownership taxes attributable to the property taxes resulting from the Senior Required Mill Levy, facilities fees (see Note 5) and a Reserve Fund in the amount of $775,763. The Series 2022A Bonds are subject to a mandatory sinking fund redemption each December 1 commencing December 1, 2022.

The Series 2022A Bonds maturing on and before December 1, 2032, are not subject to optional redemption. The Series 2022A Bonds maturing on and after December 1, 2032, are subject to redemption prior to maturity at the option of the District on December 1, 2031, and any date thereafter without redemption premium.

The Series 2022B-1 Bonds carried a coupon rate of 6.00% which changed to 5.75% at the time of the tax-exempt reissuance on December 16, 2022. The Series 2022B-1 Bonds mature on December 15, 2047. The Series 2022B-1 Bonds are secured by a required maximum mill levy of 55.664 mills, less the Senior Required Mill Levy and the operations mill levy (the "Subordinate Required Mill Levy"), the portion of specific ownership taxes attributable to the property taxes resulting from the Subordinate Required Mill Levy, facilities fees (see Note 5), capitalized interest in the estimated amount of $338,561 and to the extent excess pledged revenues are available, deposits will be made to a Surplus Fund, up to a maximum amount of $1,599,500. The Series 2022B-1 Bonds are subject to mandatory sinking fund redemptions each December 15, commencing December 15, 2024. The Series 2022B-1 Bonds are also subject to redemption prior to maturity at the option of the District on March 1, 2027, through February 28, 2030, at a redemption premium of 1-3% and redemption with no premium on or after March 1, 2030.

The Series 2022B-2 Bonds carry a coupon rate of 7.625% and mature on December 15, 2042. The Series 2022B-2 Bonds are cash flow bonds with annual payments to be made on December 15, commencing December 15, 2022, to the extent of available revenue. Unpaid interest compounds annually on December 15 at the rate of 7.625%. The Series 2022B-2 Bonds are subject to redemption prior to maturity at the option of the District on March 1, 2027, through February 28, 2030, with redemption premiums of 1-3%, and redemption without redemption premium on or after March 1, 2030. The District is required to impose the minimum required mill levy of 55.664 mills, less the operations mill levy, until the Series 2022B-2 Bonds are fully paid or discharged on December 16, 2049.

As a result of the issuance of the Series 2022A and Series 2022B-1 Bonds, the refunded bonds are considered to be defeased at the time of issuance with the exception of the bonds payable on December 1, 2022, in the amount of $28,105,760 which were paid in full on December 1, 2022. The reacquisition price of the old debt exceeded the net carrying amount by $2,238,369. This amount is recorded as a deferred outflow and is being amortized over the life of the Series 2022A Bonds. The District realized a net present value savings of $6,775,664 due to the average interest rate of the Series 2022A Bonds, Series 2022B-1 Bonds and the Series 2022B-2 Bonds being lower than the refunded Series 2017A and B Bonds.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2022A bonds:

	Principal	Interest	Total
2026	$ 370,000	$ 404,214	$ 774,214
2027	380,000	395,763	775,763
2028	385,000	386,324	771,324
2029	395,000	376,248	771,248
2030	405,000	365,318	770,318
2031 - 2035	2,200,000	1,630,482	3,830,482
2036 - 2040	2,590,000	1,208,674	3,798,674
2041 - 2045	3,095,000	659,581	3,754,581
2046 - 2047	1,405,000	84,567	1,489,567
	$ 11,225,000	$ 5,511,171	$ 16,736,171

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2022B-1 bonds:

	Principal	Interest	Total
2026	$ 195,000	$ 910,800	$ 1,105,800
2027	200,000	899,588	1,099,588
2028	255,000	888,088	1,143,088
2029	270,000	873,425	1,143,425
2030	325,000	857,900	1,182,900
2031 - 2035	2,205,000	3,968,938	6,173,938
2036 - 2040	3,545,000	3,190,100	6,735,100
2041 - 2045	5,310,000	1,979,725	7,289,725
2046 - 2047	3,535,000	329,475	3,864,475
	$ 15,840,000	$ 13,898,039	$ 29,738,039

Due to the uncertainty in the timing of principal and interest payments on the Series 2022B-2 Bonds, no schedule of payments is presented.

The following is an analysis of changes in long-term debt for the period ending December 31, 2025:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Current Portion
General Obligation Bonds					
General Obligation Bonds - Series 2022A Bonds	$ 11,585,000	$ -	$ 360,000	$ 11,225,000	$ 370,000
General Obligation Bonds - Series 2022B-1 Bonds	15,935,000	-	95,000	15,840,000	195,000
General Obligation Bonds - Series 2022B-2 Bonds	7,782,000	-	-	7,782,000	-
Total	35,302,000	-	455,000	34,847,000	565,000
Other					
Administrative Adv & Reimbursement Agreement	50,000	-	-	50,000	-
Administrative Adv & Reimbursement Agreement - Interest	29,318	4,000	-	33,318	-
Total	79,318	4,000	-	83,318	-
	$ 35,381,318	$ 4,000	$ 455,000	$ 34,930,318	$ 565,000

Debt Authorization

On May 8, 2008, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed $330,000,000 for providing public improvements. As of December 31, 2025, the District had remaining voted debt authorization of approximately $305,874,000. Per the District's Service Plan, the District with Colliers Hill Metropolitan District No. 3, ("District No. 3"), cannot issue aggregate debt in excess of $60,000,000. The District has not budgeted to issue any new debt during 2026.

Note 5: Agreements

District Facility Fees – On November 7, 2016, and as amended and/or restated in 2017, the District was approved to impose a facility fee due and payable upon issuance of a building permit to a buyer by the County. The fee, at the District's discretion, may increase on an annual basis in an amount up to 10% annually not to exceed $5,000 overall, unless, subsequently consented to by the Town of Erie, Colorado, (the "Town"). For 2024, the fee was $2,250 per single family unit, $1,700 per single family-attached unit and $1,500 per apartment unit. The fee revenue is pledged to repayment of the bonds. During 2025, the District received $337,500, however, it was determined that the homebuilders paid the District in error. The fees were to be paid to District No. 3. After research, it was found that $423,000 in fees paid to the District were to be paid to District No. 3. Therefore, in 2025, the District transferred $423,000 in fees to District No. 3.

Administrative Advance and Reimbursement Agreement. On November 15, 2013, this District and District No. 3 entered into an Administrative Advance and Reimbursement Agreement with the Investor. Pursuant to this agreement the Investor had advanced funds to meet any shortfalls in making payments of its operations and maintenance expenses. The advances earn interest from the date the funds are deposited into the District's account at the rate of 8.0% per annum. Per this 2013 agreement the board decision to appropriate funds for repayment of operations and maintenance advances is purely discretionary and non-obligatory. As of December 31, 2025, the principal was $50,000 and the accrued interest was $33,318.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights ("TABOR"), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

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

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

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

On May 6, 2008, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and

2) unamortized debt insurance, deferred cost on refunding and original issue premium are not financial resources and, therefore are not reported in the funds; and,

3) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;

2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;

3) governmental funds report developer advances and/or bond proceeds as revenue; and,

4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 2,584,094	$ 2,554,521	$ 2,584,096	$ 29,575
Specific ownership taxes	155,046	155,046	104,686	(50,360)
Interest income	12,733	37,000	104,008	67,008
Facility fees	-	337,500	337,500	-
Total Revenues	2,751,873	3,084,067	3,130,290	46,223
EXPENDITURES				
Interest expense	1,483,589	1,483,589	1,350,665	132,924
Principal payment	455,000	455,000	455,000	-
Transfer to District No. 3	-	416,250	423,000	(6,750)
Trustee fees	10,000	10,000	10,000	-
Treasurer's fees	38,761	32,546	38,783	(6,237)
Total Expenditures	1,987,350	2,397,385	2,277,448	119,937
NET CHANGE IN FUND BALANCE	764,523	686,682	852,842	166,160
FUND BALANCE:				
BEGINNING OF YEAR	1,668,879	1,870,969	1,893,781	22,812
END OF YEAR	$ 2,433,402	$ 2,557,651	$ 2,746,623	$ 188,972

The notes to the financial statements are an integral part of these statements.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	$ -	$ 515	$ 515
Miscellaneous income	-	1,155	1,155
Total Revenues	-	1,670	1,670
EXPENDITURES			
Capital expenditures	64,520	-	64,520
Total Expenditures	64,520	-	64,520
NET CHANGE IN FUND BALANCE	(64,520)	1,670	66,190
FUND BALANCE:			
BEGINNING OF YEAR	64,520	65,758	1,238
END OF YEAR	$ -	$ 67,428	$ 67,428

The notes to the financial statements are an integral part of these statements.

Colliers Hill Metropolitan District No. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2012	$ 93,180	10.000	40.000	$ 4,659	$ -	100.00%
2013	$ 65,810	10.000	40.000	$ 3,291	$ 3,291	100.02%
2014	$ 835,132	50.000	0.000	$ 41,757	$ 41,757	100.00%
2015	$ 643,060	50.000	0.000	$ 32,153	$ 32,067	99.73%
2016	$ 348,230	50.000	0.000	$ 17,412	$ 17,412	100.00%
2017	$ 272,190	50.000	0.000	$ 13,610	$ 13,610	100.00%
2018	$ 404,860	55.275	0.000	$ 22,379	$ 22,590	100.94%
2019	$ 2,071,270	18.362	36.913	$ 114,489	$ 114,489	100.00%
2020	$ 5,825,630	5.509	50.155	$ 324,278	$ 324,277	100.00%
2021	$ 11,343,170	3.304	52.360	$ 631,406	$ 635,981	100.72%
2022	$ 20,158,700	2.649	53.015	$ 1,122,114	$ 1,122,028	99.99%
2023	$ 24,565,760	2.690	54.417	$ 1,402,877	$ 1,396,197	99.52%
2024	$ 35,877,970	2.182	60.476	$ 2,248,042	$ 2,251,329	100.15%
2025	$ 42,729,250	2.182	60.476	$ 2,677,329	$ 2,677,331	100.00%
Estimated for December 31, 2026	$ 47,015,670	2.000	61.475	$ 2,984,320		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

Colliers Hill Metropolitan District No. 2

CONTINUING DISCLOSURE OBLIGATION
December 31, 2025

Top 10 Largest Taxpayers in the District
(Unaudited)

Taxpayer Name	2025 Assessed Valuation	Percentage of Total Assessed Valuation
Colliers Hill RE LLC	$ 5,699,920	12.12%
Kerr-McGee Gathering LLC	542,440	1.15%
United Power, Inc.	319,750	0.68%
TRG Colliers Hill CO LLC	126,060	0.27%
Private residence	109,070	0.23%
Private residence	101,500	0.22%
Private residence	98,520	0.21%
Private residence	98,070	0.21%
Private residence	96,700	0.21%
Private residence	94,700	0.20%
Total	$ 7,286,730	15.50%

NOTE:

Assessed valuations were obtained from the Weld County website.

Total Assessed Valuation:	$ 47,015,670

Colliers Hill Metropolitan District No. 2

CONTINUING DISCLOSURE OBLIGATION
December 31, 2025

2025 Assessed and Actual Valuation of Classes of Property in the District

(Unaudited)

Class	Assessed Valuation	Percent of Assessed Valuation	Actual Valuation	Percent of Actual Valuation
Oil & Gas	$ 594,940	1.27%	$ 2,203,470	0.30%
State Assessed	448,500	0.95%	1,666,128	0.23%
Vacant	7,140	0.02%	26,424	0.00%
Commercial	128,130	0.09%	474,563	0.07%
Residential	45,836,960	97.49%	733,390,669	99.41%
Total	$ 47,015,670	100.00%	$ 737,761,254	100.01%