

**COAL CREEK METROPOLITAN
DISTRICT NO. 1
2025 ANNUAL REPORT**

COAL CREEK METROPOLITAN DISTRICT NO. 1
2025 ANNUAL REPORT
TO
THE CITY OF AURORA

Pursuant to § 32-1-207(3)(c), C.R.S., and the Service Plan for Coal Creek Metropolitan District No. 1 (the “**District**”), the District is required to provide an annual report to the City of Aurora (the “**City**”). The report is to include information concerning matters which occurred during the prior fiscal year.

For the year ending December 31, 2025, the District makes the following report:

Service Plan Requirements

- 1. Boundary changes made or proposed to the District’s boundaries as of December 31 of the prior year.**
There were no boundary changes made or proposed to the District’s boundaries in 2025.
- 2. Intergovernmental Agreements with other governmental entities, either entered into or proposed, as of December 31 of the prior year.**
The District did not enter into or propose any Intergovernmental Agreements in 2025.
- 3. Copies of the District’s rules and regulations, if any, as of December 31 of the prior year.**
As of December 31, 2025, the District has not adopted any rules and regulations.
- 4. A summary of any litigation which involves the District’s Public Improvements as of December 31 of the prior year.**
To our actual knowledge, based on review of the court records in Arapahoe County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s Public Improvements as of December 31, 2025.
- 5. Status of the District’s construction of the Public Improvements as of December 31 of the prior year.**
As of December 31, 2025, the District had not constructed any Public Improvements.
- 6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.**
The District did not construct any facilities or improvements dedicated to or accepted by the City in 2025.
- 7. The assessed valuation of the District’s for the current year.**
The District’s current assessed valuation is \$27,341,009.
- 8. Current year budget including a description of the Public Improvements to be constructed in such year.**

The 2025 budget is attached hereto as **Exhibit A**. As of the date of filing this report, the District does not plan to construct any Public Improvements in 2025.

- 9. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.**

The 2025 Audit is attached hereto as **Exhibit B**.

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

The District did not receive notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any Debt instrument.

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

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

§ 32-1-207(3), C.R.S., Statutory Requirements

- 1. Boundary changes made.**

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

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

The District did not enter into or terminate any Intergovernmental Agreements in 2025.

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

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

- 4. A summary of litigation involving Public Improvements owned by the District.**

To our actual knowledge, based on review of the court records in Arapahoe County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District's Public Improvements as of December 31, 2025.

- 5. Status of the construction of Public Improvements by the District.**

As of December 31, 2025, the District had not constructed any Public Improvements.

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

The District did not construct any facilities or improvements dedicated to or accepted by the City in 2025.

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

The District's final assessed valuation is \$27,341,009.

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

The 2026 budget is attached hereto as **Exhibit A**.

9. **A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2025 Audit is attached hereto as **Exhibit B**.

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

The District did not receive notice of any uncured defaults existing for more than ninety (90) days under any Debt instrument of the District

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

There was not any inability of the District to pay its obligations as they came due under any obligation which continued beyond a ninety (90) day period.

EXHIBIT A
2026 Budget

COAL CREEK METROPOLITAN DISTRICT NO. 1

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

**COAL CREEK METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/19/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 925,942	\$ 13,373,548	\$ 17,552,351
REVENUES			
Property Taxes	11,671,949	3,583,231	1,913,871
Specific Ownership Taxes	687,203	190,000	114,832
Interest Income	296,441	500,000	600,000
Other Revenue	2,070	-	-
Total revenues	12,657,663	4,273,231	2,628,703
Total funds available	13,583,605	17,646,779	20,181,054
EXPENDITURES			
General and administrative			
Accounting	10,500	14,100	15,000
Auditing	-	5,500	6,000
County Treasurer's Fee	175,110	53,748	28,708
Dues and Membership	447	370	500
Insurance	4,731	4,010	4,300
Legal	17,697	10,000	20,000
Miscellaneous	-	500	500
Election	372	5,000	500
Contingency	-	-	18,792
Website	1,200	1,200	1,200
	210,057	94,428	95,500
	210,057	94,428	95,500
ENDING FUND BALANCES	<u>\$13,373,548</u>	<u>\$ 17,552,351</u>	<u>\$ 20,085,554</u>
EMERGENCY RESERVE	\$ 379,800	\$ 128,200	\$ 78,900
AVAILABLE FOR OPERATIONS	12,993,748	17,424,151	20,006,654
TOTAL RESERVE	<u>\$13,373,548</u>	<u>\$ 17,552,351</u>	<u>\$ 20,085,554</u>

See summary of significant assumptions.

COAL CREEK METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/19/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Residential	\$ 4,131	\$ 4,131	\$ 6,482
Oil and Gas	165,609,736	50,087,110	26,079,430
Agricultural	8,870	8,870	7,990
State assessed	290	210	140
Personal property	1,118,951	1,088,540	1,246,823
Other	222	148	144
Certified Assessed Value	<u>\$ 166,742,200</u>	<u>\$ 51,189,009</u>	<u>\$ 27,341,009</u>
MILL LEVY			
General	70.000	70.000	70.000
Total mill levy	<u>70.000</u>	<u>70.000</u>	<u>70.000</u>
PROPERTY TAXES			
General	\$ 11,671,954	\$ 3,583,231	\$ 1,913,871
Levied property taxes	11,671,954	3,583,231	1,913,871
Refunds and abatements	(5)	-	-
Budgeted property taxes	<u>\$ 11,671,949</u>	<u>\$ 3,583,231</u>	<u>\$ 1,913,871</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 11,671,949</u>	<u>\$ 3,583,231</u>	<u>\$ 1,913,871</u>
	<u>\$ 11,671,949</u>	<u>\$ 3,583,231</u>	<u>\$ 1,913,871</u>

See summary of significant assumptions.

**COAL CREEK METROPOLITAN DISTRICT NO. 1
2026 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Arapahoe County on February 17, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Aurora, Arapahoe County, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements, including streets and safety controls, street lighting, monuments, signage, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, mosquito control and park and recreation facilities, primarily for single family residential development within the District.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenue

Property Taxes

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

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

**COAL CREEK METROPOLITAN DISTRICT NO. 1
2026 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue (Continued)

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

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

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6.00% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical and anticipated future earnings based on market conditions.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% of property tax collections.

Debt and Leases

The District has no debt or operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3.00% of the fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.

EXHIBIT A
2025 Audit

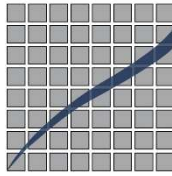
COAL CREEK METROPOLITAN DISTRICT NO. 1
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
OTHER INFORMATION

YEAR ENDED DECEMBER 31, 2025

**COAL CREEK METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND	4
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	5
NOTES TO BASIC FINANCIAL STATEMENTS	6
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	17



BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Coal Creek Metropolitan District No. 1
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Coal Creek Metropolitan District No. 1 ("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 District as of December 31, 2025, the respective changes in financial position, and the budgetary comparison for the general fund and, where applicable, cash flows thereof 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 the 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 which 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.

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.

BiggsKofford LLP

Colorado Springs, Colorado
March 26, 2026

BASIC FINANCIAL STATEMENTS

**COAL CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 17,539,946
Cash and Investments - Restricted	132,300
Receivable from County Treasurer	16,851
Property Tax Receivable	1,913,871
Total Assets	19,602,968
LIABILITIES	
Accounts Payable	3,370
Total Liabilities	3,370
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	1,913,871
Total Deferred Inflows of Resources	1,913,871
NET POSITION	
Restricted for:	
Emergency Reserve	132,300
Net Position - Unrestricted	17,553,427
Total Net Position	\$ 17,685,727

See accompanying Notes to Basic Financial Statements.

**COAL CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 96,578	\$ -	\$ -	\$ -	\$ (96,578)
Total Governmental Activities	\$ 96,578	\$ -	\$ -	\$ -	(96,578)
GENERAL REVENUES					
Property Taxes					3,583,231
Specific Ownership Taxes					194,758
Interest Income					630,768
Total General Revenues					4,408,757
CHANGES IN NET POSITION					4,312,179
Net Position - Beginning of Year					13,373,548
NET POSITION - END OF YEAR					\$ 17,685,727

See accompanying Notes to Basic Financial Statements.

**COAL CREEK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2025**

	<u>General</u>	<u>Total Governmental Fund</u>
ASSETS		
Cash and Investments	\$ 17,539,946	\$ 17,539,946
Cash and Investments - Restricted	132,300	132,300
Receivable from County Treasurer	16,851	16,851
Property Tax Receivable	<u>1,913,871</u>	<u>1,913,871</u>
Total Assets	<u>\$ 19,602,968</u>	<u>\$ 19,602,968</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	<u>\$ 3,370</u>	<u>\$ 3,370</u>
Total Liabilities	3,370	3,370
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax	<u>1,913,871</u>	<u>1,913,871</u>
Total Deferred Inflows of Resources	1,913,871	1,913,871
FUND BALANCES		
Restricted for:		
Emergency Reserves	132,300	132,300
Unassigned	<u>17,553,427</u>	<u>17,553,427</u>
Total Fund Balances	<u>17,685,727</u>	<u>17,685,727</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,602,968</u>	<u>\$ 19,602,968</u>

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

COAL CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025

	General	Total Governmental Fund
REVENUES		
Property Taxes	\$ 3,583,231	\$ 3,583,231
Specific Ownership Taxes	194,758	194,758
Interest Income	630,768	630,768
Total Revenues	4,408,757	4,408,757
EXPENDITURES		
Current:		
Accounting	14,100	14,100
Auditing	5,500	5,500
County Treasurer's Fee	53,748	53,748
Dues and Membership	370	370
Election	8,795	8,795
Insurance	4,010	4,010
Legal	9,255	9,255
Website	800	800
Total Expenditures	96,578	96,578
NET CHANGE IN FUND BALANCES	4,312,179	4,312,179
Fund Balances - Beginning of Year	13,373,548	13,373,548
FUND BALANCES - END OF YEAR	\$ 17,685,727	\$ 17,685,727

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

**COAL CREEK METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 3,583,231	\$ 3,583,231	\$ -
Specific Ownership Taxes	214,994	194,758	(20,236)
Interest Income	500,000	630,768	130,768
Total Revenues	<u>4,298,225</u>	<u>4,408,757</u>	<u>110,532</u>
EXPENDITURES			
Accounting	14,100	14,100	-
Auditing	6,500	5,500	1,000
Contingency	18,752	-	18,752
County Treasurer's Fee	53,748	53,748	-
Dues and Membership	500	370	130
Election	5,000	8,795	(3,795)
Insurance	4,200	4,010	190
Legal	20,000	9,255	10,745
Miscellaneous	500	-	500
Website	1,200	800	400
Total Expenditures	<u>124,500</u>	<u>96,578</u>	<u>27,922</u>
NET CHANGE IN FUND BALANCE	4,173,725	4,312,179	138,454
Fund Balance - Beginning of Year	<u>13,105,381</u>	<u>13,373,548</u>	<u>268,167</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,279,106</u>	<u>\$ 17,685,727</u>	<u>\$ 406,621</u>

See accompanying Notes to Basic Financial Statements.

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Coal Creek Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Arapahoe County on February 17, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Aurora, Arapahoe County, Colorado. The District was established to provide financing for the construction, installation, and operation of public improvements, including streets and safety controls, street lighting, monuments, signage, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, mosquito control and park and recreation facilities, primarily for single family residential development within the District.

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

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

The District's annual budget is required to be submitted to and approved by the City, thus enabling the City to impose its will on the District. Consequently, the District is considered to be a component unit of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental fund:

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.

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

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

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

Deferred Inflows of Resources

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

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

**COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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	\$ 17,539,946
Cash and Investments - Restricted	132,300
Total Cash and Investments	\$ 17,672,246

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

Deposits with Financial Institutions	\$ 29,835
Investments	17,642,411
Total Cash and Investments	\$ 17,672,246

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 102.00% 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 deposits had a bank balance and a carrying balance of \$29,835.

**COAL CREEK METROPOLITAN DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 17,642,411
		<u>\$ 17,642,411</u>

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), 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 the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 LONG-TERM OBLIGATIONS

Authorized Debt

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$192,000,000 (Service Plan Debt Issuance Limit) with a maximum debt mill levy of 50.000 mills, as may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation. In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, on November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,880,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of \$2,880,000,000

NOTE 5 NET POSITION

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

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2025, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserve	<u>\$ 132,300</u>

The District had an unrestricted net position of \$17,553,427 as of December 31, 2025.

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District is Coal Creek Reserve, LLP. The members of the board of directors are officers or, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 AGREEMENTS

The District and Coal Creek Reserve, LLP (the Developer) entered into a Funding and Reimbursement Agreement (FRA) on February 23, 2016. Per the FRA, the Developer agreed to loan the District \$50,000 per annum for four years, up to \$200,000 through December 31, 2020. Thereafter, the Developer may agree to renew its obligation on an annual basis as provided by written notice. Prior to the issuance of a Reimbursement Obligation advances shall accrue 8.00% per annum from the date such an advance is made. At the request of the Developer, the District will issue one or more Reimbursement Obligations to evidence any repayment obligation of the District then existing. Such Reimbursement Obligations shall bear interest at a market rate to be determined at the time of issuance of such Reimbursement Obligations. The term of repayment of any Reimbursed Obligations shall not extend beyond February 23, 2046.

On October 26, 2021, the parties agreed to amend the FRA loan amount and term to advance funds up to \$50,000 (Annual Loan Cap) per annum for five years and not to exceed \$250,000 (Maximum Loan Amount) through the life of the agreement. In addition, the obligation to advance funds was extended to December 31, 2021 (Loan Obligation Termination Date) and then automatically extends for one-year terms unless the Developer provides written notice to the District of termination at least 30 days prior to December 31st of each year. Upon each automatic one year extensions of the Loan Obligation Termination Date, the Developer agrees to loan the District one or more sums of money up to the Annual Loan Cap. As of December 31, 2025, there was no principal and interest due under the FRA.

NOTE 8 RISK MANAGEMENT

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

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

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

COAL CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 3, 2015, the District's voters authorized the District to increase property taxes \$10,000,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

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

On November 4, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

OTHER INFORMATION

**COAL CREEK METROPOLITAN DISTRICT NO. 1
SCHEDULE 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
			Levied	Collected	
2021	\$ 2,208,741	70.000	\$ 154,612	\$ 154,384	99.85 %
2022	1,054,196	70.000	73,794	73,560	99.68
2023	2,366,609	70.195	166,124	166,124	100.00
2024	166,742,200	70.000	11,671,954	11,671,949	100.00
2025	51,189,009	70.000	3,583,231	3,583,231	100.00
Estimated for Year Ending December 31, 2026	\$ 27,341,009	70.000	\$ 1,913,871		

Note: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.

Source: Arapahoe County Assessor and Treasurer.