

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
TOWN OF FIRESTONE, COUNTY OF WELD, STATE OF COLORADO**

**ANNUAL REPORT FOR FISCAL YEAR 2022**

Pursuant to §32-1-207(3)(c) and the Amended and Restated Service Plan for Cottonwood Hollow Commercial Metropolitan District (the “**District**”), as amended the District is required to provide an annual report to the Town of Firestone (the “**Town**”) with regard to the matters below.

To the best of our actual knowledge, for the year ending December 31, 2022, the District makes the following report:

**Service Plan Requirements**

- 1. Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.**

There were no boundary changes made or proposed to the District’s boundaries in 2022.

- 2. Copies of the District’s rules and regulations, if any, as of December 31 of the prior year.**

As of December 31, 2022, the District had not adopted any rules and regulations.

- 3. A summary of any litigation which involves the Public Improvements as of December 31 of the prior year.**

To our actual knowledge, based on review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER) there is no litigation involving the District’s Public Improvements as of December 31, 2022.

- 4. Status of the District’s construction of the Public Improvements as of December 31 of the prior year.**

As of December 31, 2022, the District had not constructed any Public Improvements.

- 5. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town or other service provider providing service to the property in the District, as of December 31 of the prior year.**

As of December 31, 2022, no facilities and improvements constructed by the District have been dedicated or accepted by the Town.

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

There were no uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

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

None.

**8. Any alteration or revision of the proposed schedule of Debt issuance set forth in the Financial Plan.**

None.

**§32-1-207(3) Statutory Requirements**

**1. Boundary changes made.**

There were no boundary changes made or proposed to the District's boundaries in 2022.

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

There were no Intergovernmental Agreements entered into or terminated in 2022.

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

As of December 31, 2022, the District had not adopted any rules and regulations.

**4. A summary of litigation involving public improvements owned by the District.**

To our actual knowledge, based on review of the court records in Weld County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District's public improvements as of December 31, 2022.

**5. Status of the construction of public improvements by the District.**

As of December 31, 2022, no public improvements had been constructed by the District.

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

As of December 31, 2022, no facilities and improvements constructed by the District have been conveyed or dedicated to the Town.

**7. The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.**

A copy of the 2022 final assessed valuation is attached hereto as **Exhibit A**.

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

A copy of the 2023 Budget is attached hereto as **Exhibit B**.

**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 2020 and 2021 audits are attached hereto as **Exhibit C**. The 2022 audit is not available at this time and will be provided as a supplement to this annual report.

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

There were no uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

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

None.

**EXHIBIT A**  
**2022 Assessed Valuation**

# CERTIFICATION OF VALUATION BY WELD COUNTY ASSESSOR

Name of Jurisdiction: 1367 - COTTONWOOD HOLLOW COMMERCIAL METRO

IN WELD COUNTY ON 11/28/2022

New Entity: No

**USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY**

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$1,382,343
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$7,970
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$2,790
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,180
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND ( 29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

**USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY**

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$24,242
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
<small>(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)</small>	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$6,219,174
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5) C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.	

**EXHIBIT B**  
**2023 Budget**

**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2023**

**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT  
SUMMARY  
2023 BUDGET  
WITH 2021 AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 2,873,811	\$ 3,063,648	\$ 3,159,613
REVENUES			
Property taxes	217,030	85,600	279
Specific ownership taxes	16,473	5,713	17
Interest income	28	750	30,000
TIF (Tax increment financing)	54,924	58,740	151
Total revenues	<u>288,455</u>	<u>150,803</u>	<u>30,447</u>
Total funds available	<u>3,162,266</u>	<u>3,214,451</u>	<u>3,190,060</u>
EXPENDITURES			
General Fund	98,618	54,838	65,000
Total expenditures	<u>98,618</u>	<u>54,838</u>	<u>65,000</u>
Total expenditures and transfers out requiring appropriation	<u>98,618</u>	<u>54,838</u>	<u>65,000</u>
ENDING FUND BALANCES	<u>\$ 3,063,648</u>	<u>\$ 3,159,613</u>	<u>\$ 3,125,060</u>
Emergency Reserve	\$ -	\$ 4,600	\$ 1,000
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 1,000</u>

No assurance provided. See summary of significant assumptions.



**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2023 BUDGET  
WITH 2021 AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
<b>ASSESSED VALUATION - WELD COUNTY</b>			
Agricultural	\$ 12,480	\$ 9,550	\$ 6,380
State assessed	20,060	10,520	10
Vacant land	-	2,120	20
Personal property	-	-	1,560
Other	5,444,810	2,354,080	-
	<u>5,477,350</u>	<u>2,376,270</u>	<u>7,970</u>
TIF District Increment	(1,850,907)	(993,927)	(2,790)
Certified Assessed Value	<u>\$ 3,626,443</u>	<u>\$ 1,382,343</u>	<u>\$ 5,180</u>
<b>MILL LEVY</b>			
General	60.000	60.000	53.941
Total mill levy	<u>60.000</u>	<u>60.000</u>	<u>53.941</u>
<b>PROPERTY TAXES</b>			
General	\$ 217,587	\$ 82,941	\$ 279
Levied property taxes	217,587	82,941	279
Adjustments to actual/rounding	(557)	2,659	-
Budgeted property taxes	<u>\$ 217,030</u>	<u>\$ 85,600</u>	<u>\$ 279</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<u>\$ 217,030</u>	<u>\$ 85,600</u>	<u>\$ 279</u>
	<u>\$ 217,030</u>	<u>\$ 85,600</u>	<u>\$ 279</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT  
GENERAL FUND  
2023 BUDGET  
WITH 2021 AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 2,873,811	\$ 3,063,648	\$ 3,159,613
<b>REVENUES</b>			
Property taxes	217,030	85,600	279
Specific ownership taxes	16,473	5,713	17
Interest income	28	750	30,000
TIF (Tax increment financing)	54,924	58,740	151
Total revenues	288,455	150,803	30,447
Total funds available	3,162,266	3,214,451	3,190,060
<b>EXPENDITURES</b>			
Accounting	42,951	22,568	26,000
Auditing	2,500	6,000	7,000
County Treasurer's fee	3,256	1,244	4
Dues and membership	258	305	500
Denver annual fees	900	-	-
Director fees	-	2,400	2,500
Election expense	4,888	2,500	2,500
Insurance	2,596	2,971	3,500
Legal	41,117	16,343	20,000
Miscellaneous	152	507	1,000
Contingency	-	-	1,996
Total expenditures	98,618	54,838	65,000
Total expenditures requiring appropriation	98,618	54,838	65,000
ENDING FUND BALANCES	\$ 3,063,648	\$ 3,159,613	\$ 3,125,060
Emergency Reserve	\$ -	\$ 4,600	\$ 1,000
TOTAL RESERVE	\$ -	\$ 4,600	\$ 1,000

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Cottonwood Hollow Commercial Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on December 2, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in the Town of Firestone (Town), County of Weld, Colorado.

The District operates under a Service Plan approved by the Town on October 14, 2004, First Amendment to the Service Plan approved on October 12, 2012 and the Second Amendment to the Service Plan approved on June 24, 2014. Pursuant to the Service Plan, the District was organized for the purpose of financing streets, street lighting, traffic and safety controls, water, landscaping, storm drainage and park and recreation improvements, all in accordance with its Service Plan. When completed, improvements shall be dedicated to the Town or other governmental entities, all for the use and benefit of residents and taxpayers, or operated and maintained by contract with a Homeowners' Association formed for the Cottonwood Hollow subdivision.

On November 4, 2014, the District's voters authorized total indebtedness of \$11,000,000 for the purpose of providing Public Improvements and \$5,500,000 for the purpose of Debt for Operations and \$16,500,000 for refunding of debt. The election also approved an annual increase in property taxes of \$11,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

The Maximum Mill Levies shall not exceed forty (40) mills for debt service purposes and shall not exceed sixty (60) mills for administration and operating expenses. If, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the Maximum Combined Mill Levy may be increased or decreased to reflect such changes, such increases or decreases. The adjusted maximum mill levy is 60.000 mills.

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

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

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

**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues**

**Property Taxes**

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

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

**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% of the property taxes collected.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.9%.

**Tax Increment Financing (TIF)**

Pursuant to a cooperation agreement with Northern Firestone Urban Renewal Authority (NFURA), NFURA remits to the District the portion of revenues which it receives as a result of Tax Incremental Revenues attributable to the District's current mill levy.

**Expenditures**

**Administrative Expenditures**

Administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, banking, meeting expense, and other administrative expenses. These costs are allocated to each Fund as deemed appropriate to capture actual use by the individual Funds.

**COTTONWOOD HOLLOW COMMERCIAL METRO DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (Continued)**

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Debt and Leases**

**Debt and Leases**

The District has no debt and no capital or operating leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

**This information is an integral part of the accompanying budget.**

**EXHIBIT C**  
**2020 and 2021 Audits**

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**


**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
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YEAR ENDED DECEMBER 31, 2020**


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To the Board of Directors  
Cottonwood Hollow Commercial Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund, of Cottonwood Hollow Commercial Metropolitan District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Cottonwood Hollow Commercial Metropolitan District, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cottonwood Hollow Commercial Metropolitan District's basic financial statements. The other supplemental information schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Haynie & Company*

Littleton, Colorado  
April 18, 2023

## **BASIC FINANCIAL STATEMENTS**

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Receivable from County Treasurer	\$ 3,901
Prepaid Expenses	2,521
Property Taxes Receivable	217,587
Due from other Governments	2,873,615
Total Assets	3,097,624
<b>LIABILITIES</b>	
Accounts Payable	5,700
Cash and Checks Written in Excess of Cash Balance	526
Total Liabilities	6,226
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	217,587
Total Deferred Inflows of Resources	217,587
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	34,700
Unrestricted	2,839,111
Total Net Position	\$ 2,873,811

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 60,781	\$ -	\$ -	\$ -	\$ (60,781)
Total Governmental Activities	\$ 60,781	\$ -	\$ -	\$ -	(60,781)
<b>GENERAL REVENUES</b>					
Property Taxes					819,056
Specific Ownership Taxes					51,312
NFURA TIF Revenue					279,239
Interest Income					4,719
Total General Revenues					1,154,326
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year as Restated					1,780,266
<b>NET POSITION - END OF YEAR</b>					<b>\$ 2,873,811</b>

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Total Governmental Funds
<b>ASSETS</b>		
Receivable from County Treasurer	\$ 3,901	\$ 3,901
Prepaid Expenses	2,521	2,521
Property Taxes Receivable	217,587	217,587
Due from other Governments	2,873,615	2,873,615
Total Assets	\$ 3,097,624	\$ 3,097,624
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 5,700	\$ 5,700
Cash and Checks Written in Excess of Cash Balance	526	526
Total Liabilities	6,226	6,226
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Tax Revenue	217,587	217,587
Total Deferred Inflows of Resources	217,587	217,587
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Expenses	2,521	2,521
Restricted for:		
Emergency Reserves	34,700	34,700
Unassigned	2,836,590	2,836,590
Total Fund Balances	2,873,811	2,873,811
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,097,624	\$ 3,097,624

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	General	Total Governmental Funds
<b>REVENUES</b>		
Property Taxes	\$ 819,056	\$ 819,056
Specific Ownership Taxes	51,312	51,312
Interest Income	4,719	4,719
NFURA TIF Revenue	279,239	279,239
Total Revenues	1,154,326	1,154,326
<b>EXPENDITURES</b>		
Current:		
Accounting	11,657	11,657
Audit	5,700	5,700
County Treasurer's Fees	12,356	12,356
Dues and Membership	570	570
Insurance	2,510	2,510
Legal	27,918	27,918
Miscellaneous	70	70
Total Expenditures	60,781	60,781
<b>NET CHANGE IN FUND BALANCES</b>	1,093,545	1,093,545
Fund Balances - Beginning of Year as Restated	1,780,266	1,780,266
<b>FUND BALANCES - END OF YEAR</b>	\$ 2,873,811	\$ 2,873,811

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 819,049	\$ 1,069,700	\$ 819,056	\$ (250,644)
Specific Ownership Taxes	57,333	50,400	51,312	912
Interest Income	-	4,600	4,719	119
Intergovernmental Revenues	-	307,500	-	(307,500)
TIF (Tax Increment Financing)	133,894	251,800	279,239	27,439
Total Revenues	<u>1,010,276</u>	<u>1,684,000</u>	<u>1,154,326</u>	<u>(529,674)</u>
<b>EXPENDITURES</b>				
Accounting	8,836	8,836	11,657	(2,821)
Audit	6,000	6,000	5,700	300
Contingency	31,000	51,000	-	51,000
County Treasurer's Fees	12,286	12,500	12,356	144
Dues and Membership	300	600	570	30
District Management	5,000	-	-	-
Insurance	3,000	3,000	2,510	490
Legal	21,164	21,164	27,918	(6,754)
TIF Expense	147,429	251,800	-	251,800
Miscellaneous	2,500	2,000	70	1,930
Banking Fees	600	-	-	-
Engineering	125,000	-	-	-
Capital Outlay	645,000	-	-	-
Total Expenditures	<u>1,008,115</u>	<u>356,900</u>	<u>60,781</u>	<u>296,119</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,161	1,327,100	1,093,545	(233,555)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds	-	(1,436,300)	-	1,436,300
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,436,300)</u>	<u>-</u>	<u>1,436,300</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,161	(109,200)	1,093,545	1,202,745
Fund Balances - Beginning of Year	<u>4,943</u>	<u>247,605</u>	<u>1,780,266</u>	<u>1,532,661</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 7,104</u>	<u>\$ 138,405</u>	<u>\$ 2,873,811</u>	<u>\$ 2,735,406</u>

See accompanying Notes to Basic Financial Statements.



**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Cottonwood Hollow Commercial Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized on December 2, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in the Town of Firestone (Town), County of Weld, Colorado.

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

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District amended its annual budget for the year ended December 31, 2020.

**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.

**Property Taxes**

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

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

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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. The item *deferred property tax revenue* is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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.

**Equity**

**Fund Balance**

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

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

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

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

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

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS**

As of December 31, 2020, the District had checks written in excess of cash balances.

**Deposits with Financial Institutions**

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

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

At December 31, 2020, the District's cash deposits had a bank balance of \$16,042 and a carrying deficit balance of \$526.

**Investments**

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

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

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

As of December 31, 2020, the District had no investments.

**NOTE 4 LONG-TERM OBLIGATIONS**

**Authorized Debt**

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$126,000,000, at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had authorized and unissued indebtedness in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2020
Streets	\$ 11,400,000	\$ 11,400,000
Water	23,900,000	23,900,000
Parks and Recreation	16,700,000	16,700,000
Debt for Operations	11,000,000	11,000,000
Refunding	63,000,000	63,000,000
Total	\$ 126,000,000	\$ 126,000,000

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 FUND BALANCES**

At December 31, 2020, the District reported the following classifications of fund equity.

**Nonspendable** - The nonspendable fund balance in the General Fund in the amount of \$2,521 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

**Restricted** - The restricted fund balance in the General Fund in the amount of \$34,700 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the state of Colorado.

**Unrestricted** - amounts that are available for any purpose.

**NOTE 6 NET POSITION**

The District's net position consists of two components - restricted and unrestricted.

**Restricted net position** includes amounts that are restricted for use either externally by creditors, grantors, contributors, or law and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2020, consists of \$34,700 for emergency reserves.

As of December 31, 2020, the District had an unrestricted net position of \$2,839,111.

**NOTE 7 RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020**

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2020, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment

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. During 2020, the District did not have sufficient funds to provide for an emergency reserve.

**NOTE 9 RESTATEMENT**

The beginning balance of net position has been restated from the previously issued financial statements to correct for errors that occurs during the years ended December 31, 2017, 2018 and 2019. The statement of net position cumulated effect as of December 31, 2019 overstated capital assets by \$1,388,052, understated due from other governments by \$1,532,661 and overstated long-term obligations by \$1,361,480. The statement of activities for the year ended December 31, 2019 overstated developer interest and dedication of capital assets to other governments by \$1,181,465. The effects of the correction on the government-wide financial statements as of and for the year ended December 31, 2019 are as follows:

Net Position - December 31, 2019, as Originally Stated	\$	574,177
Net Effect of Restatement:		
Capital Assets		(1,688,052)
Due from Other Governments		1,532,661
Long-Term Obligations		1,361,480
Net Position - December 31, 2019, as Restated	<u>\$</u>	<u>1,780,266</u>



**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 RESTATEMENT (CONTINUED)**

The beginning balance of the fund balances has been restated from the previously issued financial statements to correct for errors that occurs during the years ended December 31, 2017, 2018, and 2019. The balance sheet cumulated effect as of December 31, 2019, understated due to other governments by \$1,532,661. The statement of revenue, expenditures, and changes in fund balances for the year ended December 31, 2019, overstated developer repayment - principal and interest and developer advances by \$1,573,465 and overstated capital outlay by \$423,000. The effects of the correction on the governmental funds financial statements as of and for the year ended December 31, 2019 are as follows:

Fund Balances - December 31, 2019, as Originally Stated	\$ 247,605
Net Effect of Restatement:	
Due to Other Governments	<u>1,532,661</u>
Fund Balances - December 31, 2019, as Restated	<u><u>\$ 1,780,266</u></u>

## **SUPPLEMENTARY INFORMATION**

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
DECEMBER 31, 2020**

	Original Budget	Amended and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Repay Developer Advances - Principal	-	1,315,000	-	(1,315,000)
Repay Developer Advance - Interest	-	121,300	-	(121,300)
Total Expenditures	-	1,436,300	-	1,436,300
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(1,436,300)	-	1,436,300
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from General Fund	-	1,436,300	-	(1,436,300)
Total Other Financing Sources (Uses)	-	1,436,300	-	(1,436,300)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER INFORMATION**

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied General	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2016	\$ 51,790	46.000	\$ 2,382	\$ 2,382	100.00%
2017	12,316,210	46.000	566,546	566,555	100.00
2018	13,035,139	46.000	599,616	600,858	100.21
2019	16,759,606	46.000	770,942	545,605	70.77
2020	7,103,778	60.000	819,049	819,056	100.00
Estimated for the Year Ending December 31, 2021	\$ 3,626,443	60.000	\$ 217,587		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
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## Independent Auditor's Report

To the Board of Directors  
Cottonwood Hollow Commercial Metropolitan District

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cottonwood Hollow Commercial Metropolitan District as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Cottonwood Hollow Commercial Metropolitan District, as of December 31, 2021 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Smoky Hill Metropolitan 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 Cottonwood Hollow Commercial Metropolitan District 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 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:

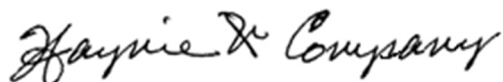
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Cottonwood Hollow Commercial Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cottonwood Hollow Commercial Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

## **Other-Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6, and 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Littleton, Colorado  
May 17, 2023

## **BASIC FINANCIAL STATEMENTS**

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 94,387
Cash and Investments - Restricted	10,300
Receivable from County Treasurer	2,654
TIF Receivable	54,759
Prepaid Expenses	2,971
Property Taxes Receivable	82,941
Due from other Governments	2,975,845
Total Assets	3,223,857
<b>LIABILITIES</b>	
Accounts Payable	22,509
Total Liabilities	22,509
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	82,941
Total Deferred Inflows of Resources	82,941
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	10,300
Unrestricted	3,108,107
Total Net Position	\$ 3,118,407

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 98,618	\$ -	\$ -	\$ -	\$ (98,618)
Total Governmental Activities	\$ 98,618	\$ -	\$ -	\$ -	(98,618)
<b>GENERAL REVENUES</b>					
Property Taxes					217,030
Specific Ownership Taxes					16,473
NFURA TIF Revenue					109,683
Interest Income					28
Total General Revenues					343,214
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					2,873,811
<b>NET POSITION - END OF YEAR</b>					
					\$ 3,118,407

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

<b>ASSETS</b>	General	Total Governmental Funds
Cash and Investments	\$ 94,387	\$ 94,387
Cash and Investments - Restricted	10,300	10,300
Receivable from County Treasurer	2,654	2,654
TIF Receivable	54,759	54,759
Prepaid Expenses	2,971	2,971
Property Taxes Receivable	82,941	82,941
Due from other Governments	2,975,845	2,975,845
Total Assets	\$ 3,223,857	\$ 3,223,857
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 22,509	\$ 22,509
Total Liabilities	22,509	22,509
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Tax Revenue	82,941	82,941
Total Deferred Inflows of Resources	82,941	82,941
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Expenses	2,971	2,971
Restricted for:		
Emergency Reserves	10,300	10,300
Unassigned	3,105,136	3,105,136
Total Fund Balances	3,118,407	3,118,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,223,857	\$ 3,223,857

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	General	Total Governmental Funds
<b>REVENUES</b>		
Property Taxes	\$ 217,030	\$ 217,030
Specific Ownership Taxes	16,473	16,473
Interest Income	28	28
NFURA TIF Revenue	109,683	109,683
Total Revenues	343,214	343,214
<b>EXPENDITURES</b>		
Current:		
Accounting	42,951	42,951
Audit	2,500	2,500
County Treasurer's Fees	3,256	3,256
Dues and Membership	258	258
Denver Annual Fee	900	900
Election	4,888	4,888
Insurance	2,596	2,596
Legal	41,117	41,117
Miscellaneous	152	152
Total Expenditures	98,618	98,618
<b>NET CHANGE IN FUND BALANCES</b>	244,596	244,596
Fund Balances - Beginning of Year	2,873,811	2,873,811
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 3,118,407</b>	<b>\$ 3,118,407</b>

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 426,227	\$ 328,531	\$ 217,030	\$ (111,501)
Specific Ownership Taxes	29,836	22,997	16,473	(6,524)
Interest Income	-	-	28	28
TIF (Tax Increment Financing)	67,057	110,563	109,683	(880)
Total Revenues	<u>523,120</u>	<u>462,091</u>	<u>343,214</u>	<u>(118,877)</u>
<b>EXPENDITURES</b>				
Accounting	-	10,000	42,951	(32,951)
Audit	-	6,000	2,500	3,500
Contingency	15,700	124,463	-	124,463
County Treasurer's Fees	6,393	4,928	3,256	1,672
Dues and Membership	-	600	258	342
Denver Annual Fee	-	-	900	(900)
Election	-	-	4,888	(4,888)
Insurance	-	3,000	2,596	404
Outside Contract Services	-	270,000	-	270,000
Legal	-	30,000	41,117	(11,117)
Miscellaneous	-	2,000	152	1,848
Total Expenditures	<u>22,093</u>	<u>450,991</u>	<u>98,618</u>	<u>352,373</u>
<b>NET CHANGE IN FUND BALANCES</b>	501,027	11,100	244,596	233,496
Fund Balances - Beginning of Year	<u>138,405</u>	<u>138,405</u>	<u>2,873,811</u>	<u>2,735,406</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 639,432</u>	<u>\$ 149,505</u>	<u>\$ 3,118,407</u>	<u>\$ 2,968,902</u>

See accompanying Notes to Basic Financial Statements.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Cottonwood Hollow Commercial Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized on December 2, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in the Town of Firestone (Town), County of Weld, Colorado.

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

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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



**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District had amended its annual budget for the year ended December 31, 2021.

**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.

**Property Taxes**

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

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

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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. The item *deferred property tax revenue* is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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.

**Equity**

**Fund Balance**

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

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

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

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

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

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS**

**Deposits with Financial Institutions**

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

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

At December 31, 2021, the District's cash deposits had a bank balance and carrying balance of \$812.

**Investments**

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

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

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

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

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 103,875</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. treasury securities and repurchase agreements collateralized by U.S. treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 LONG-TERM OBLIGATIONS**

**Authorized Debt**

On November 8, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$126,000,000, at an interest rate not to exceed 18% per annum. At December 31, 2021, the District had authorized and unissued indebtedness in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2020
Streets	\$ 11,400,000	\$ 11,400,000
Water	23,900,000	23,900,000
Parks and Recreation	16,700,000	16,700,000
Debt for Operations	11,000,000	11,000,000
Refunding	63,000,000	63,000,000
Total	\$ 126,000,000	\$ 126,000,000

**NOTE 5 FUND BALANCES**

At December 31, 2021, the District reported the following classifications of fund equity.

**Nonspendable** - The nonspendable fund balance in the General Fund in the amount of \$2,971 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

**Restricted** - The restricted fund balance in the General Fund in the amount of \$8,700 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the state of Colorado.

**Unrestricted** - amounts that are available for any purpose.

**NOTE 6 NET POSITION**

The District's net position consists of two components - restricted and unrestricted.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or law and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2021, consists of \$10,300 for emergency reserves.

As of December 31, 2021, the District had an unrestricted net position of \$3,108,107.

**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

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

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

## **OTHER INFORMATION**



**COTTONWOOD HOLLOW COMMERCIAL METROPOLITAN DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied General	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2017	\$ 12,316,210	46.000	\$ 566,546	\$ 566,555	100.00%
2018	13,035,139	46.000	599,616	600,858	100.21
2019	16,759,606	46.000	770,942	545,605	70.77
2020	7,103,778	60.000	819,049	819,056	100.00
2021	3,626,443	60.000	217,587	217,030	99.74
Estimated for the Year Ending December 31, 2022	\$ 2,376,270	60.000	\$ 82,941		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.