

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

**ANNUAL REPORT FOR FISCAL YEAR 2023**

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

To the best of our actual knowledge, for the year ending December 31, 2023, 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 2023.

- 2. Copies of the District’s rules and regulations, if any, as of December 31, 2023 of the prior year.**

The District did not adopt any rules and regulations in 2023.

- 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, 2023.

On April 7, 2023, Olsson, Inc. (the “Plaintiff”) filed a Complaint in U.S. District Court for the District of Colorado alleging claims against Windler Public Improvement Authority, GVP Windler, LLC, Cottonwood Hollow Residential Metropolitan District, and Alberta 8081 East Orchard, LLC (collectively, the “Defendants”). As of June 20, 2023, the Plaintiff and Defendants settled the case and the case was closed.

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

As of December 31, 2023, no public improvements had been constructed by the District. However, Forestar constructed and dedicated various phase I improvements to the Town and the St. Vrain Sanitation District, including landscaping, street lights, pond 1 spillway and sanitary sewer infrastructure.

- 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, 2023, 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.**

To our actual knowledge, the District did not receive notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any debt instrument.

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

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

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

None.

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

- 1. Boundary changes made.**

There were no boundary changes made or proposed to the District's boundaries in 2023.

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

There were no Intergovernmental Agreements entered into or terminated in 2023.

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

The District did not adopt any rules and regulations in 2023.

- 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, 2023.

On April 7, 2023, Olsson, Inc. (the “Plaintiff”) filed a Complaint in U.S. District Court for the District of Colorado alleging claims against Windler Public Improvement Authority, GVP Windler, LLC, Cottonwood Hollow Residential Metropolitan District, and Alberta 8081 East Orchard, LLC (collectively, the “Defendants”). As of June 20, 2023, the Plaintiff and Defendants settled the case and the case was closed.

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

As of December 31, 2023, 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, 2023, no public improvements had been constructed by the District. However, Forestar constructed and dedicated various phase I improvements to the Town and the St. Vrain Sanitation District, including landscaping, street lights, pond 1 spillway and sanitary sewer infrastructure.

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

The final assessed valuation as of December 31<sup>st</sup> of the report year is \$9,144,384.

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

A copy of the 2024 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 2023 audit is not available at this time and will be provided as a supplement to this annual report upon completion.

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

To our actual knowledge, the District did not receive notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any debt instrument.

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

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

**Exhibit A**  
**2024 Budget**

**COTTONWOOD HOLLOW RESIDENTIAL METRO DISTRICT**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2024**

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT  
SUMMARY  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 24,366,216	\$ 4,256,128	\$ 2,243,815
REVENUES			
Property taxes	90,033	413,402	618,773
Specific ownership taxes	8,742	25,569	24,751
Interest income	150,598	221,559	66,922
Developer advance	89,337	94,302	-
Other revenue	-	-	324
TIF revenue	56,611	305,116	473,230
Total revenues	<u>395,321</u>	<u>1,059,948</u>	<u>1,184,000</u>
Total funds available	<u>24,761,537</u>	<u>5,316,076</u>	<u>3,427,815</u>
EXPENDITURES			
General Fund	127,498	175,685	203,000
Debt Service Fund	176,949	635,464	964,000
Capital Projects Fund	20,200,962	2,261,112	2,254,065
Total expenditures	<u>20,505,409</u>	<u>3,072,261</u>	<u>3,421,065</u>
Total expenditures and transfers out requiring appropriation	<u>20,505,409</u>	<u>3,072,261</u>	<u>3,421,065</u>
ENDING FUND BALANCES	<u>\$ 4,256,128</u>	<u>\$ 2,243,815</u>	<u>\$ 6,750</u>
EMERGENCY RESERVE	\$ 675	\$ 3,600	\$ 5,200
TOTAL RESERVE	<u>\$ 675</u>	<u>\$ 3,600</u>	<u>\$ 5,200</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
<b>ASSESSED VALUATION</b>			
Residential	\$ -	\$ 126,310	\$ 1,243,360
Commercial	-	11,050	11,620
Oil and Gas	-	10,080,620	14,786,760
Agricultural	18,070	31,570	30,340
State assessed	158,410	8,880	48,190
Vacant land	276,650	464,220	17,620
Personal property	-	277,170	-
Other	1,793,990	-	-
	<u>2,247,120</u>	<u>10,999,820</u>	<u>16,137,890</u>
TIF District Increment	(877,533)	(4,671,037)	(6,993,506)
Certified Assessed Value	<u>\$ 1,369,587</u>	<u>\$ 6,328,783</u>	<u>\$ 9,144,384</u>
<b>MILL LEVY</b>			
General	10.070	10.006	10.366
Debt Service	55.664	55.315	57.301
Total mill levy	<u>65.734</u>	<u>65.321</u>	<u>67.667</u>
<b>PROPERTY TAXES</b>			
General	\$ 13,792	\$ 63,326	\$ 94,791
Debt Service	76,237	350,077	523,982
Levied property taxes	90,029	413,403	618,773
Adjustments to actual/rounding	4	(1)	-
Budgeted property taxes	<u>\$ 90,033</u>	<u>\$ 413,402</u>	<u>\$ 618,773</u>
<b>ASSESSED VALUATION</b>			
TIF District Increment	\$ 877,533	\$ 4,671,037	\$ 6,993,506
Certified Assessed Value	<u>\$ 877,533</u>	<u>\$ 4,671,037</u>	<u>\$ 6,993,506</u>
<b>MILL LEVY</b>			
General	10.070	10.006	10.366
Debt Service	55.664	55.315	57.301
Total mill levy	<u>65.734</u>	<u>65.321</u>	<u>67.667</u>
<b>PROPERTY TAXES</b>			
General	\$ 8,837	\$ 46,738	\$ 72,495
Debt Service	48,847	258,378	400,735
Levied property taxes	57,684	305,116	473,230
Budgeted property taxes	<u>\$ 57,684</u>	<u>\$ 305,116</u>	<u>\$ 473,230</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 13,792	\$ 63,326	\$ 94,791
Debt Service	76,241	350,076	523,982
	<u>\$ 90,033</u>	<u>\$ 413,402</u>	<u>\$ 618,773</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT  
GENERAL FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 13,659	\$ 5	\$ 37,750
REVENUES			
Property taxes	13,793	63,326	94,791
Specific ownership taxes	1,339	4,564	3,792
TIF revenue	8,673	46,738	72,495
Interest income	702	4,500	922
Developer advance	89,337	94,302	-
Total revenues	<u>113,844</u>	<u>213,430</u>	<u>172,000</u>
TRANSFERS IN			
Total funds available	<u>127,503</u>	<u>213,435</u>	<u>209,750</u>
EXPENDITURES			
General and administrative			
Accounting	86,514	55,000	40,000
Auditing	-	5,500	6,000
County Treasurer's fee	207	950	2,509
Directors' fees	1,900	2,400	2,400
Dues and membership	-	358	376
Insurance	2,970	6,030	6,500
District management	-	3,000	6,180
Legal	30,716	57,430	50,000
Miscellaneous	595	500	750
Banking fees	102	-	-
Election	1,556	1,649	-
Contingency	-	-	15,785
Operations and maintenance			
Repairs and maintenance	-	5,888	7,500
Engineering	-	-	-
Landscaping	-	23,552	45,000
Snow removal	2,068	5,100	10,000
Utilities	870	8,328	10,000
Total expenditures	<u>127,498</u>	<u>175,685</u>	<u>203,000</u>
Total expenditures and transfers out requiring appropriation	<u>127,498</u>	<u>175,685</u>	<u>203,000</u>
ENDING FUND BALANCES	<u>\$ 5</u>	<u>\$ 37,750</u>	<u>\$ 6,750</u>
EMERGENCY RESERVE	<u>\$ 675</u>	<u>\$ 3,600</u>	<u>\$ 5,200</u>
TOTAL RESERVE	<u>\$ 675</u>	<u>\$ 3,600</u>	<u>\$ 5,200</u>

No assurance provided. See summary of significant assumptions.



**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 45,684	\$ 2,092	\$ -
REVENUES			
Property taxes	76,240	350,076	523,982
Specific ownership taxes	7,403	21,005	20,959
TIF revenue	47,938	258,378	400,735
Interest income	1,776	3,913	18,000
Other revenue	-	-	324
Total revenues	<u>133,357</u>	<u>633,372</u>	<u>964,000</u>
Total funds available	<u>179,041</u>	<u>635,464</u>	<u>964,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	1,146	5,251	13,871
Paying agent fees	4,003	4,000	4,000
Contingency	-	-	2,150
Debt Service			
Bond interest	171,800	626,213	943,979
Total expenditures	<u>176,949</u>	<u>635,464</u>	<u>964,000</u>
Total expenditures and transfers out requiring appropriation	<u>176,949</u>	<u>635,464</u>	<u>964,000</u>
ENDING FUND BALANCES	<u>\$ 2,092</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HOLLOW RESIDENTIAL METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 24,306,873	\$ 4,254,031	\$ 2,206,065
REVENUES			
Interest income	148,120	213,146	48,000
Total revenues	<u>148,120</u>	<u>213,146</u>	<u>48,000</u>
TRANSFERS IN			
Total funds available	<u>24,454,993</u>	<u>4,467,177</u>	<u>2,254,065</u>
EXPENDITURES			
General and Administrative			
Accounting	24,511	36,318	23,000
Legal	31,243	14,726	28,750
Paying agent fees	-	5,000	5,000
Capital Projects			
Engineering	16,665	5,068	-
Capital outlay	20,128,543	2,200,000	2,197,315
Total expenditures	<u>20,200,962</u>	<u>2,261,112</u>	<u>2,254,065</u>
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	<u>20,200,962</u>	<u>2,261,112</u>	<u>2,254,065</u>
ENDING FUND BALANCES	<u>\$ 4,254,031</u>	<u>\$ 2,206,065</u>	<u>\$ -</u>

**COTTONWOOD HOLLOW RESIDENTIAL METRO DISTRICT  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

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

The District operates under a Second Amended and Restated Service Plan approved by the Town on May 26, 2021. Pursuant to the Service Plan, the District was organized for the purpose of financing streets, street lighting, traffic and safety controls, water, landscaping, storm drainage and park and recreation improvements, all in accordance with its Service Plan. When completed, improvements shall be dedicated to the Town or other governmental entities, all for the use and benefit of residents and taxpayers, or operated and maintained by contract with a Homeowners' Association formed for the Cottonwood Hollow subdivision.

On November 6, 2014, the District's voters authorized total indebtedness of \$11,000,000 for the purpose of providing Public Improvements and \$5,500,000 for the purpose of Debt for Operations and \$16,500,000 for refunding of debt. The election also approved an annual increase in property taxes of \$11,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

The Maximum Mill Levies shall not exceed fifty (55.664) mills for debt service purposes and shall not exceed ten (10.070) mills for administration and operating expenses. If, on or after January 1, 2021, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the Maximum Combined Mill Levy may be increased or decreased to reflect such changes, such increases or decreases. The adjusted maximum mill levy is 65.734 mills.

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

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

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

**COTTONWOOD HOLLOW RESIDENTIAL METRO DISTRICT  
2024 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.

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

<b>Category</b>	<b>Rate</b>		<b>Category</b>	<b>Rate</b>		<b>Actual Value Reduction</b>	<b>Amount</b>
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District’s share will be equal to approximately 4% of the property taxes collected.

**Interest Income**

Interest earned on the District’s available funds has been estimated based on an average interest rate of approximately 4%.

**Tax Increment Financing (TIF)**

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

**COTTONWOOD HOLLOW RESIDENTIAL METRO DISTRICT  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures**

**Administrative Expenditures**

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

**County Treasurer's Fees**

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

**Debt Service**

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

**Capital Outlay**

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

**Debt and Leases**

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

The District has no capital or operating leases.

**Reserves**

**Emergency Reserve**

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

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