

OLLIERS HILL METROPOLITAN DISTRICT NOS. 2 AND 3*
**(formerly named Bridgewater and DayBreak)*

**2023 CONSOLIDATED ANNUAL REPORT
TO
THE TOWN OF ERIE, COLORADO**

Pursuant to §32-1-207(3)(c) and Section VII. of the Service Plan for Colliers Hill Metropolitan District Nos. 2 and 3 (collectively the “**Districts**”), the Districts are required to provide an annual report to the with regard to the following matters:

For the year ending December 31, 2023, the Districts make the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

There were no boundary changes made to the Districts’ boundaries in 2023.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

*The Districts terminated the 2016 District Cost Sharing Agreement, attached here to as **Exhibit A**. The Districts did not enter into any Intergovernmental Agreements in 2023.*

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

As of December 31, 2023, the Districts had not adopted any rules and regulations.

4. A summary of litigation involving Public Improvements owned by the Districts.

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 Districts’ Public Improvements as of December 31, 2023.

5. The status of the construction of public improvements by the Districts.

Public Infrastructure construction is ongoing in District No. 3.

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

Public improvement construction in District No. 2 was previously completed in 2022. In 2023 there were no conveyances of improvements constructed by District No. 3 to the Town of Erie.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

The final assessed valuations for 2023 as reported by the Weld County Assessor are as follows:

<i>District No. 2</i>	<i>\$35,877,970</i>
<i>District No. 3</i>	<i>\$2,155,110</i>

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

*Copies of the 2024 Budgets are 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.

*Copies of the 2022 Audits are attached as **Exhibit C**.*

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

There were no uncured events of default that continued beyond a ninety (90) day period, under any Debt instrument.

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

The Districts did not experience any inability to pay their obligations as they came due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

Service Plan Requirements

12. A narrative summary of the progress of the Districts in implementing the Service Plan.

District No. 2: Public infrastructure construction was completed in 2021.

District No. 3: Public infrastructure construction is ongoing.

13. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of public facilities in the fiscal year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the fiscal year.

District No. 2 incurred capital expenditures in 2021 related to roads, water, storm sewer, and sanitary sewer and dedicated completed public improvements to the Town of Erie as required by approved development plans. Buildout for public improvement construction was completed in 2022.

District No. 3 continued public improvement construction in 2023.

- 14. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the fiscal year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the fiscal year, the amount of payment or retirement of existing indebtedness of the Districts in the fiscal year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the fiscal year, and the current mill levy of the Districts pledged to debt retirement in the fiscal year.**

District No. 2 issued its General Obligation Limited Tax Bonds, Series 2017A (\$20,625,000) and Subordinate Series 2017B (\$3,501,000). The Series 2017 Bonds were refinanced in February 2022.

District No. 3 issued its Limited Tax General Obligation, Series 2020 Bonds (\$26,550,000) in November 2020. It issued Subordinate Limited Tax General Obligation Bonds, Series 2021B in May 2021 (\$2,213,000).

The Districts have ongoing annual governmental administrative expenses.

The 2023 assessed valuation for District No. 2 was \$35,877,970 and for District No. 3 was \$2,155,110. District No. 2 imposed 60.476 mills for debt service and 2.182 mills for general operating expenses, for a total of 62.658 mills in 2023. District No. 3 imposed 57.748 mills for general operating expenses in 2023.

- 15. A summary of residential and commercial development which has occurred within the Districts for the fiscal year.**

Residential home construction is ongoing by various builders is occurring within the Districts. There is no commercial land use within the Districts.

- 16. A summary of all taxes, fees, charges and assessments imposed by the Districts as of January 1 of the fiscal year.**

District No. 2 imposed a total of 62.658 mills and District No. 3 imposed a total of 57.748 mills in 2023 for collection in 2024 as reflected on the attached budgets. The Districts imposed development fees due at building permit for each residential lot.

17. The name, business address and telephone number of each member of the Board and the chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards for the report year.

DISTRICT NO. 2		
<i>John Bryant</i>	<i>President</i>	District No. 2 Resident
<i>Emily VonFeldt</i>	<i>Secretary</i>	District No. 2 Resident
<i>Robert Felsch</i>	<i>Treasurer</i>	District No. 2 Resident
<i>Jason Staple</i>	<i>Asst. Secretary</i>	District No. 2 Resident
<i>Heather Kimling</i>	<i>Asst. Treasurer</i>	District No. 2 Resident

DISTRICT NO. 3		
<i>Ryan Mott</i>	<i>President</i>	7200 S. Alton Way, Suite C – 400 , Centennial Colorado 80112 303-267-6195
<i>Kurtis Williams</i>	<i>Treasurer</i>	7200 S. Alton Way, Suite C – 400 , Centennial Colorado 80112 303-740-9393
<i>Aaron Clutter</i>	<i>Secretary</i>	7200 S. Alton Way, Suite C – 400 , Centennial Colorado 80112 303-740-9393
<i>Vacancy</i>		
<i>Vacancy</i>		

The District No. 2 Board determined to hold regular meetings on May 20, August 26, October 28, and November 25, 2024 at 6:00 p.m., via Zoom teleconference. The District No. 3 Board determined to hold regular meetings on the 2nd Friday of the month at 10:00 a.m, via Zoom teleconference.

Chief Admin. Officer – None

General Legal Counsel – White, Bear Ankele Tanaka & Waldron, Sean Allen, Esq., 2154 E. Commons Avenue, Suite 2000, Centennial, CO 80122; 303-858-1800

EXHIBIT A
Termination of District Cost Sharing Agreement

TERMINATION OF DISTRICT COST SHARING AGREEMENT

This **TERMINATION OF DISTRICT COST SHARING AGREEMENT** (this “**Agreement**”) is made and entered as of April 28, 2023, by and among the **COLLIERS HILL METROPOLITAN DISTRICT NO. 2** (“**District No. 2**”) and the **COLLIERS HILL METROPOLITAN DISTRICT NO. 3** (“**District No. 3**”), collectively referred to as the “**Districts**.” The Districts are each quasi-municipal corporations and political subdivisions of the State of Colorado.

RECITALS

WHEREAS, the Districts entered into a District Cost Sharing Agreement with an effective date of January 1, 2016 (the “**Cost Sharing Agreement**”); and

WHEREAS, all terms not defined herein shall have the meanings assigned to them in the Cost Sharing Agreement; and

WHEREAS, District No. 2 issued general obligation bonds and incurred Costs benefitting District No. 3 in furtherance of the development of the Project including costs related to public infrastructure (collectively the “**Project Costs**”); and

WHEREAS, District No. 3 also issued general obligation bonds and similarly incurred Project Costs benefitting District No. 2 in furtherance of the development of the Project; and

WHEREAS, the Districts’ engineer analyzed the Project Costs incurred by and paid for by each District and has allocated the benefit each District received from the other District’s incurrence of Project Costs based on factors such as, but not limited to, physical location, length/linear feet, acreage, and number of lots per District; and

WHEREAS, a copy of the engineer’s final Cost Allocation Report, dated April 2023, is attached hereto as **Exhibit A**; and

WHEREAS, based on the Cost Allocation Report, the Project Costs attributable from District No. 2 to District No. 3 and the Project Costs attributable from District No. 3 to District No. 2 resulted in a de minimis and essentially net zero amount; and

WHEREAS, as a result of the Cost Allocation Report, the Districts desire to: (i) terminate the Cost Sharing Agreement; (ii) acknowledge that the Districts worked cooperatively to finance the Project Costs; (iii) a fair and equitable allocation of Project Costs was determined; and (iv) mutually agree that neither District owes the other for Project Costs benefit allocation.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts hereto agree as follows:

TERMS AND CONDITIONS

1. Termination of Cost Sharing Agreement. The Districts hereby agree that the Cost Sharing Agreement is terminated and of no further force and effect as of the date of this Agreement.

2. Satisfaction of Obligations. The Districts agree that upon execution of this Agreement, they shall be deemed to have fully satisfied any obligations under the Cost Sharing Agreement, and the Districts are released from any further obligations or performance under the Cost Sharing Agreement. In addition, the Districts agree that no default exists with respect to the Cost Sharing Agreement, and any and all claims of default under or with respect to the Cost Sharing Agreement, whether in existence on the date hereof or otherwise, whether known or unknown, foreseen or unforeseen are hereby waived and released.

Furthermore, the Districts agree that the Cost Allocation Report, attached hereto as **Exhibit A**, is a fair and equitable allocation of the Project Costs benefiting each District from the other District's incurrence of Project Costs.

3. Waiver and Release. The Districts hereby release one another from any and all liabilities, obligation or duties that may have arisen or have been contemplated by the Cost Sharing Agreement and the Cost Allocation Report. The Districts agree not to make a claim against each other with respect to the Cost Allocation Report and the Cost Sharing Agreement, or the performance or non-performance of any covenant or condition contained within or contemplated by the Cost Sharing Agreement. Specifically, District No. 3 hereby agrees to waive and release District No. 2 from any reimbursement obligation due and owing to District No. 3 relative to the Cost Allocation Report's net de minimis amount of \$63,503.76 of District No. 3's incurrence of Project Costs which benefitted and are allocated to District No. 2. Additionally, the Districts further agree to release one other from any reimbursement obligation relative to the allocated Project Cost benefits evidenced by the Cost Allocation Report.

4. Investigation. Each of the Districts have made such investigation of the facts pertaining to this Agreement as it deems necessary. The Districts understand that if any facts with respect to any matter covered by this Agreement is later found to be other than, or different from, the facts now believed by the Districts to be true, each District expressly accepts and assumes the risk of such possible difference in facts and agrees that this Agreement shall become and remain effective notwithstanding such different facts.

5. Agreement Review. Each of the Districts represents and warrants that it has had the opportunity to review this Agreement and that each District is executing this Agreement of its own free will.

6. Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto, and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect.

7. Counterpart Execution. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF

document, and, upon receipt, shall be deemed originals and binding upon the signatories hereto, and shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

[Signature page follows.]

IN WITNESS WHEREOF, the Districts have executed this Agreement on the date first above written. By the signature of its representative below, each District affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

COLLIERS HILL METROPOLITAN DISTRICT
NO. 2, a quasi-municipal corporation and political
subdivision of the State of Colorado

John Bryant

John Bryant (May 10, 2023 21:24 MDT)

Officer of the District

ATTEST:

Aaron Clutter

Aaron Clutter (Apr 28, 2023 15:04 MDT)

COLLIERS HILL METROPOLITAN DISTRICT
NO. 3, a quasi-municipal corporation and political
subdivision of the State of Colorado

Matthew Jenkins

Officer of the District

ATTEST:

Aaron Clutter

Aaron Clutter (Apr 28, 2023 15:04 MDT)

Exhibit A
Cost Allocation Report

Dated as of April 10, 2023

JR Engineering has reviewed the District Eligible Costs set forth below associated with the construction of Public Infrastructure within the Colliers Hill Metropolitan District #2 and #3. It is our understanding through communication with the District Board of Directors, Accounting and Legal that costs shown below in yellow have been paid by District #3 while costs shown in green were paid by District #2. Based on our evaluation of these costs, experience and past verifications of District Improvements within the Colliers Hill Metropolitan District; it is our recommendation that the costs for these improvements be allocated to each district as shown below:

	Contract Total		Paid to Date
4D, 4E, 5 and Spine Trail - Brightview	\$2,580,932.39		\$1,433,431.04
F4C Tracts A, D, E - Brightview	\$85,806.56		
Final Mill/Overlay - Brannan*◇	\$711,027.15		\$711,027.15
United Power Street Lights Overage	\$183,043.00		\$183,043.00
Landscape, Irrigation, Trails & Monumentation - Brightview	\$7,004,161.25		\$7,004,161.25
Landscape Walls - Slaton	\$483,908.77		\$483,908.77
Landscape - Children's	\$110,620.04		\$110,620.04
Landscape - Churchich	\$58,267.87		\$58,267.87
Reuse Pond - Brightview	\$1,090,060.00		\$341,917.35
4G Neighborhood Park - Designscales	\$2,377,760.15		\$183,163.62
Total	\$14,685,587.18		\$10,509,540.09
*Total LF of Road = 11969	\$ 59.41	per LF of Road	
◇Total LF of Road 10 = 5,301. Adjacent to District 3 = 1751 LF = 33% of Road 10 cost is District 3			
† Total # of Lights 57	\$2,931.96	Per Light Less 2 added lights in #3	
District 2 Acreage 391.4 (59.2%) for calculating landscape costs			
District 3 Acreage 270.2 (40.8%) for calculating landscape costs			
Reuse Pond & 4G Park are adjacent to #2 on 1 side (25% for calculations).			
		District 2	District 3
Colliers BLVD			
STA 37+05.25 to STA 61+97.92 - 2493 feet of roadway		\$148,098.48	\$0.00
13 Street Lights		\$38,115.54	\$0.00
Road 10 (Adjacent to District 2 Only)			
STA 0+00 to STA 26+00 - 2600 feet of roadway		\$154,454.89	\$0.00
9 Street Lights		\$26,387.68	\$0.00
Road 10 (Adjacent to District 2 & District 3)			
STA 26+00 to STA 45+00 - 1900 feet of roadway		\$56,435.44	\$56,435.44
10 Street Lights		\$14,659.82	\$14,659.82
Road 10 (Adjacent to District 3 Only)			
STA 45+00 to STA 53+00.86 - 801 feet of roadway		\$0.00	\$47,583.99
6 Street Lights		\$0.00	\$33,512.79
Horizon Blvd			
STA 0+00 to STA 39+00 - 3900 feet of roadway		\$231,682.34	\$0.00
17 Street Lights		\$49,843.40	\$0.00
Pinecliff Dr			
STA 22+75 to STA 25+50 - 275 feet of roadway		\$16,336.58	\$0.00
2 Street Lights		\$5,863.93	\$0.00
	Total Road Mill/Overlay	\$607,007.72	
	Total Street Light Overage	\$134,870.39	
	Total 4D, 4E, 5 and Spine Trail	\$1,527,911.97	
	Total F4C Tracts A, D, E	\$50,797.48	
	Landscape, Irrigation, Trails & Monumentation - Brightview		\$2,857,697.79
	Landscape Walls - Slaton		\$197,434.78
	Landscape - Children's		\$45,132.98
	Landscape - Churchich		\$23,773.29
	Reuse Pond - Brightview	\$272,515.00	
	4G Neighborhood Park - Designscales	\$594,440.04	
	Grand Total	\$3,187,542.60	\$3,124,038.88

Attached to this recommendation are exhibits that show the location of the improvements as well as a District Boundary Map. If I can be of further assistance in this matter, please contact me at (303) 267-6209 or at DEvans@jrengineering.com

Dylan Evans

Dylan Evans

4-27-23

Date

COLLIERS HILL FINAL PLAT NO. 5 FINAL LANDSCAPE PLAN

A REPLAT OF TRACTS 12 OF "BRIDGEWATER MASTER SUBDIVISION",
LOCATED IN THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN,
TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO
20.50 ACRES - 53 LOTS, 7 TRACTS - FP-000860-2017

Funded by District 3

Funded by District 2



1101 Denmark Street
Denver, CO 80204
P.303.855.1188
www.norris-design.com

COLLIERS HILL
FINAL PLAT NO. 5 - FINAL LANDSCAPE PLAN
ERIE, COLORADO
DAYBREAK RECOVERY ACQUISITION LLC

OWNER:

JON SHUMAKER
JERRY B. RICHMOND III
7200 S. ALTON WAY
SUITE C-400
CENTENNIAL, CO 80112

NOT FOR
CONSTRUCTION

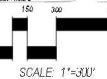
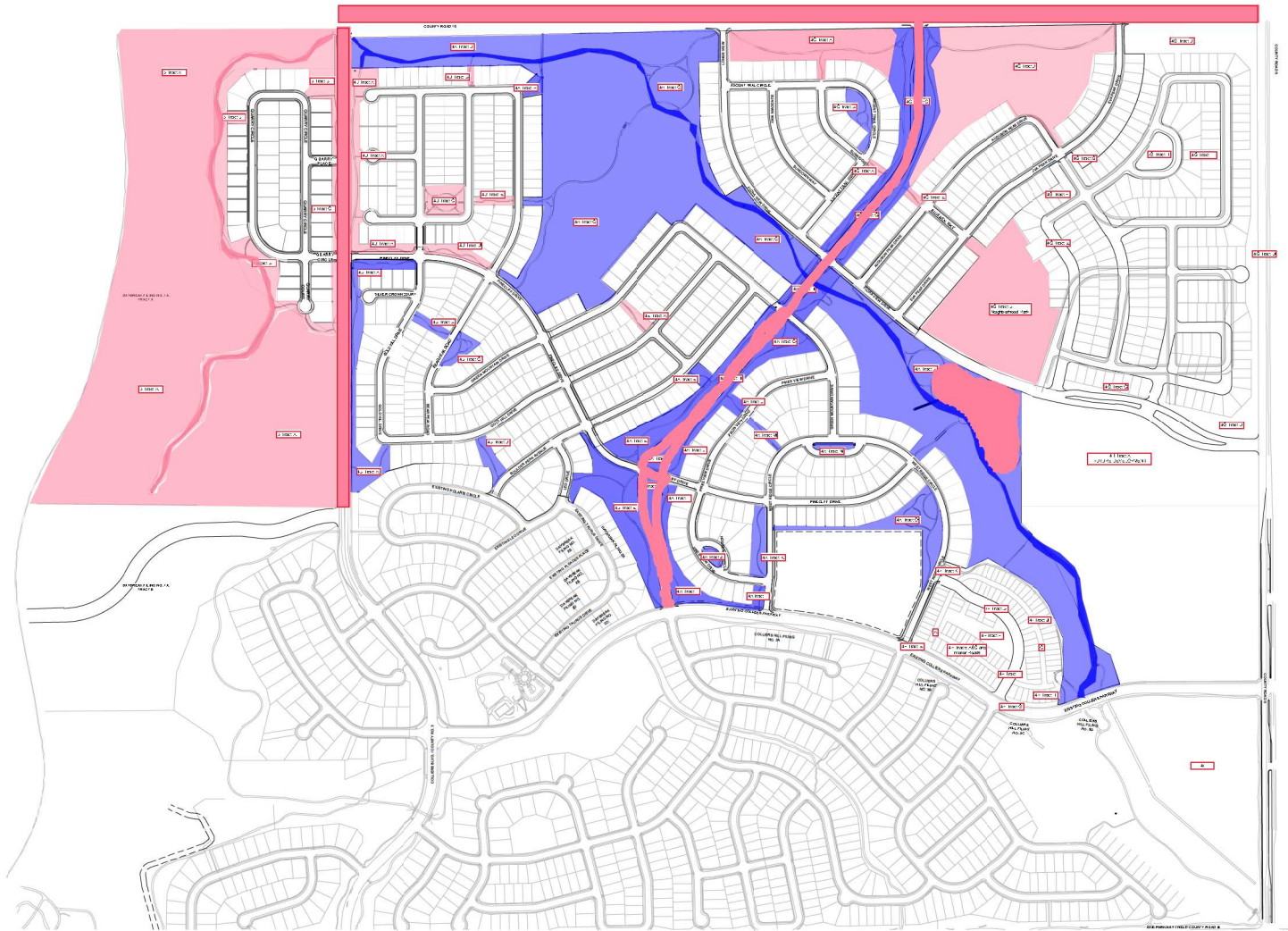
DATE:

03/03/2017 SUBMITTAL 01
05/05/2017 SUBMITTAL 02
06/30/2017 SUBMITTAL 03
08/04/2018 SUBMITTAL 04

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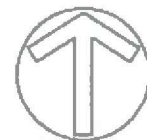
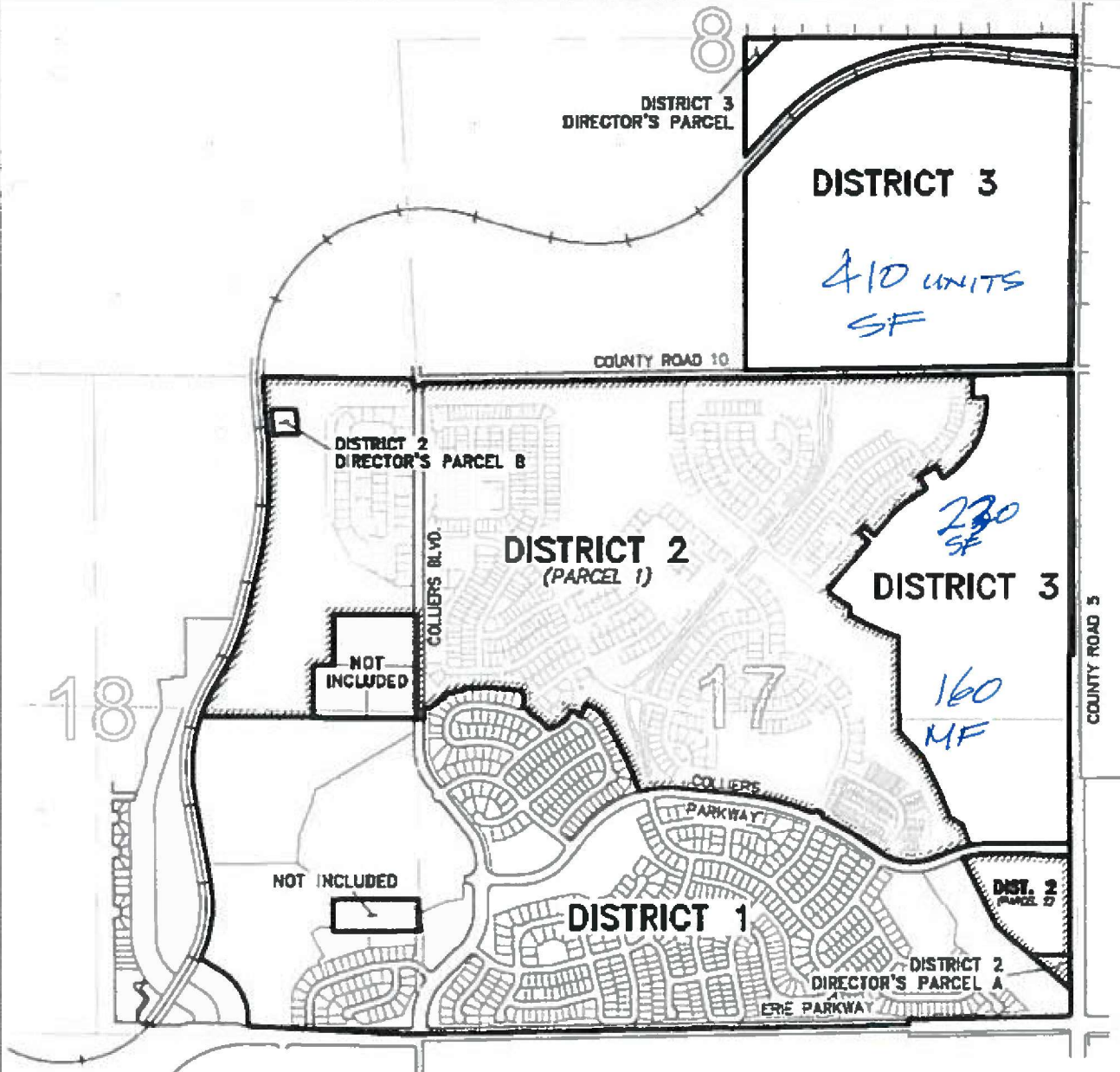
SHEET INDEX

L2 OF 25



CHECKED BY:
DRAWN BY:
ENR 10/15/17
KW BE 8/20/18

EXHIBIT



NO SCALE

COLLIERS HILL METROPOLITAN DISTRICT 2
DESCRIPTION
ERIE, COLORADO

HURST

Civil Engineering
Planning
Surveying

2500 Broadway, Suite 6
Boulder, CO 80304
303.449.9105
www.hurst-associates.com

SCALE	N/A
DATE	N/A
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CHECK	08/24/18
SHEET	3 OF 5

EXHIBIT B
2024 Budgets

COLLIERS HILL METROPOLITAN DISTRICT NO. 2
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the Colliers Hill Metropolitan District No. 2.

The Colliers Hill Metropolitan District No. 2 has adopted three funds, a General Fund to provide for the payment of general operating expenditures and transfers to the Debt Service Fund; a Debt Service Fund to provide for payments on the outstanding general obligation debt; and a Capital Projects Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the district.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications, and public hearing.

The primary sources of revenue for the district in 2024 will be property taxes, and development fees. The district intends to impose a 62.658 mill levy on the property within the district for 2024, of which 2.182 mills will be dedicated to the General Fund and the balance of 60.476 mills will be allocated to the Debt Service Fund.

Colliers Hill Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 75,644	\$ 68,402	\$ 86,521	\$ 86,521	\$ 74,690
Revenues:					
Property taxes	53,396	66,082	65,529	66,082	78,286
Specific ownership taxes	3,161	3,739	1,370	3,739	4,477
Interest income	<u>15,227</u>	<u>339</u>	<u>11,959</u>	<u>17,939</u>	<u>339</u>
Total revenues	<u>71,784</u>	<u>70,160</u>	<u>78,858</u>	<u>87,760</u>	<u>83,102</u>
Total funds available	<u>147,428</u>	<u>138,562</u>	<u>165,379</u>	<u>174,281</u>	<u>157,792</u>
Expenditures:					
Legal	32,961	30,000	16,614	33,228	30,000
Accounting / audit	20,310	25,000	9,728	25,456	30,000
Election Expense	489	5,000	27,978	27,978	-
Insurance	3,739	4,000	3,777	3,777	5,000
Directors Fees	2,300	4,800	-	4,800	4,800
Payroll Taxes	176	368	-	368	368
Miscellaneous	130	3,000	80	3,000	3,000
Stormwater maintenance	-	-	-	-	75,000
Treasurer fees	802	984	983	984	1,174
Contingency	-	63,245	-	-	6,255
Emergency reserve (3%)	<u>-</u>	<u>2,165</u>	<u>-</u>	<u>-</u>	<u>2,195</u>
Total expenditures	<u>60,907</u>	<u>138,562</u>	<u>59,160</u>	<u>99,591</u>	<u>157,792</u>
Ending fund balance	<u>\$ 86,521</u>	<u>\$ -</u>	<u>\$ 106,219</u>	<u>\$ 74,690</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 24,565,760</u>			<u>\$ 35,877,970</u>
Mill Levy		<u>2.690</u>			<u>2.182</u>

Colliers Hill Metropolitan District No. 2
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 61,268	\$ 15,000	\$ 69,460	\$ 69,460	\$ 65,120
Revenues:					
Interest income	16,074	1,000	322	600	-
Bond proceeds	<u>36,482,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>36,498,074</u>	<u>1,000</u>	<u>322</u>	<u>600</u>	<u>-</u>
Total funds available	<u>36,559,342</u>	<u>16,000</u>	<u>69,782</u>	<u>70,060</u>	<u>65,120</u>
Expenditures:					
Capital expenditures	7,800	16,000	4,940	4,940	65,120
Repay developer advances	4,747,750	-	-	-	-
Transfer to other funds	27,589,108	-	-	-	-
Facilities acquisition	2,800,788	-	-	-	-
Cost of issuance	<u>1,344,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>36,489,882</u>	<u>16,000</u>	<u>4,940</u>	<u>4,940</u>	<u>65,120</u>
Ending fund balance	<u>\$ 69,460</u>	<u>\$ -</u>	<u>\$ 64,842</u>	<u>\$ 65,120</u>	<u>\$ -</u>

Colliers Hill Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 1,729,330	\$ 1,920,676	\$ 969,507	\$ 969,507	\$ 1,067,718
Revenues:					
Property taxes	1,068,632	1,336,795	1,325,605	1,325,605	2,169,756
Specific ownership taxes	63,252	80,208	27,710	55,420	130,185
Transfer from other funds	27,589,108	-	-	-	-
Facility fees (2250/SFE)	211,500	518,669	213,750	427,500	-
Interest income	21,579	12,733	26,457	39,686	12,733
Total revenues	<u>28,954,071</u>	<u>1,948,405</u>	<u>1,593,522</u>	<u>1,848,211</u>	<u>2,312,674</u>
Total funds available	<u>30,683,401</u>	<u>3,869,081</u>	<u>2,563,029</u>	<u>2,817,718</u>	<u>3,380,392</u>
Expenditures:					
Bond interest payment - 2022A	1,168,572	424,044	212,022	424,044	418,126
Bond principal payment - 2022A	415,000	350,000	-	350,000	355,000
Bond interest payment - 2022B	-	-	-	919,713	919,713
Bond principal payment - 2022B	-	-	-	-	60,000
Payment to escrow agent	28,105,760	-	-	-	-
Cost of issuance	8,500	-	-	-	-
Treasurer's fees	16,062	20,052	19,885	20,052	32,546
Trustee / paying agent fees	-	9,826	10,000	36,191	10,000
Total expenditures	<u>29,713,894</u>	<u>803,922</u>	<u>241,907</u>	<u>1,750,000</u>	<u>1,795,385</u>
Ending fund balance	<u>\$ 969,507</u>	<u>\$ 3,065,159</u>	<u>\$ 2,321,122</u>	<u>\$ 1,067,718</u>	<u>\$ 1,585,007</u>
Assessed valuation		<u>\$ 24,565,760</u>			<u>\$ 35,877,970</u>
Mill Levy		<u>54.417</u>			<u>60.476</u>
Total Mill Levy		<u>57.107</u>			<u>62.658</u>

COLLIERS HILL METROPOLITAN DISTRICT NO. 3
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the Colliers Hill Metropolitan District No. 3.

The Colliers Hill Metropolitan District No. 3 has adopted three funds, a General Fund to provide for the payment of general operating expenditures and transfers to the Debt Service Fund; a Debt Service Fund to provide for payments on the outstanding general obligation debt; and a Capital Projects Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the district.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications, and public hearing.

The primary source of revenue for the district in 2024 will be property taxes, developer advances and interest income. The district intends to impose a 57.748 mill levy on the property within the district for 2024, all of which will be dedicated to the General Fund.

Colliers Hill Metropolitan District No. 3
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 14,262	\$ 21,929	\$ 18,036	\$ 18,038	\$ 34,439
Revenues:					
Property taxes	10,079	42,264	38,499	42,264	124,453
Specific ownership taxes	597	2,536	876	2,536	7,467
Interest income	1	-	148	300	300
Operating advances	<u>35,000</u>	<u>36,301</u>	<u>-</u>	<u>36,301</u>	<u>-</u>
Total revenues	<u>45,677</u>	<u>81,101</u>	<u>39,523</u>	<u>81,401</u>	<u>132,220</u>
Total funds available	<u>59,939</u>	<u>103,030</u>	<u>57,559</u>	<u>99,439</u>	<u>166,659</u>
Expenditures:					
Legal	21,137	25,000	17,093	34,186	35,000
Accounting / audit	15,557	20,000	8,147	20,294	25,000
Election expense	467	5,000	464	464	-
Insurance	2,712	4,000	2,747	2,747	4,000
Director's fee	1,650	4,800	-	4,800	4,000
Payroll Taxes	126	368	-	368	300
Miscellaneous	101	2,500	69	555	2,000
Stormwater maintenance	-	-	-	-	75,000
Utilities - electric	-	-	217	1,000	1,000
Transfer to Debt Service	-	-	-	-	16,383
Treasurer fees	151	586	578	586	1,867
Emergency reserve (3%)	<u>-</u>	<u>1,850</u>	<u>-</u>	<u>-</u>	<u>2,109</u>
Total expenditures	<u>41,901</u>	<u>64,104</u>	<u>29,315</u>	<u>65,000</u>	<u>166,659</u>
Ending fund balance	<u>\$ 18,038</u>	<u>\$ 38,926</u>	<u>\$ 28,244</u>	<u>\$ 34,439</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 758,630</u>			<u>\$ 2,155,110</u>
Mill Levy		<u>55.711</u>			<u>57.748</u>

Colliers Hill Metropolitan District No. 3
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 10,297,524	\$ 5,459,144	\$ 5,068,135	\$ 5,068,305	\$ -
Revenues:					
Reimbursement from other govt	2,582,734	-	-	-	-
Developer advances	-	-	-	2,841,695	3,500,000
Interest income	<u>109,817</u>	<u>10,000</u>	<u>58,169</u>	<u>90,000</u>	<u>-</u>
Total revenues	<u>2,692,551</u>	<u>10,000</u>	<u>58,169</u>	<u>2,931,695</u>	<u>3,500,000</u>
Total funds available	<u>12,990,075</u>	<u>5,469,144</u>	<u>5,126,304</u>	<u>8,000,000</u>	<u>3,500,000</u>
Expenditures:					
Capital expenditures	<u>7,921,770</u>	<u>5,469,144</u>	<u>3,949,709</u>	<u>8,000,000</u>	<u>3,500,000</u>
Total expenditures	<u>7,921,770</u>	<u>5,469,144</u>	<u>3,949,709</u>	<u>8,000,000</u>	<u>3,500,000</u>
Ending fund balance	<u>\$ 5,068,305</u>	<u>\$ -</u>	<u>\$ 1,176,595</u>	<u>\$ -</u>	<u>\$ -</u>

Colliers Hill Metropolitan District No. 3
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 5,404,758	\$ 3,981,258	\$ 4,031,747	\$ 4,031,578	\$ 2,688,078
Revenues:					
Interest income	75,570	-	92,468	100,000	75,000
Transfer from General fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,383</u>
Total revenues	<u>75,570</u>	<u>-</u>	<u>92,468</u>	<u>100,000</u>	<u>91,383</u>
Total funds available	<u>5,480,328</u>	<u>3,981,258</u>	<u>4,124,215</u>	<u>4,131,578</u>	<u>2,779,461</u>
Expenditures:					
Interest expense	1,439,500	1,439,500	719,750	1,439,500	1,439,500
Trustee / paying agent fees	<u>9,250</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>
Total expenditures	<u>1,448,750</u>	<u>1,443,500</u>	<u>723,750</u>	<u>1,443,500</u>	<u>1,443,500</u>
Ending fund balance	<u>\$ 4,031,578</u>	<u>\$ 2,537,758</u>	<u>\$ 3,400,465</u>	<u>\$ 2,688,078</u>	<u>\$ 1,335,961</u>
Assessed valuation		<u>\$ 758,630</u>			<u>\$ 2,155,110</u>
Mill Levy		<u>0.000</u>			<u>0.000</u>
Total Mill Levy		<u>55.711</u>			<u>57.748</u>

EXHIBIT C
2022 Audit

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Colliers Hill Metropolitan District No. 2
Weld County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colliers Hill Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

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

Unaudited Information

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

Hiratsuka & Associates, LLP

November 29, 2023
Wheat Ridge, Colorado

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	\$ 92,130	\$ -	\$ -	\$ 92,130	\$ -	\$ 92,130
Cash and investments - restricted	2,165	938,507	69,460	1,010,132	-	1,010,132
Receivable - county treasurer	312	6,250	-	6,562	-	6,562
Receivable - facility fees	-	24,750	-	24,750	-	24,750
Property taxes receivable	66,082	1,336,795	-	1,402,877	-	1,402,877
Prepaid expenses	3,456	-	-	3,456	-	3,456
Prepaid debt insurance, net of accumulated amortization	-	-	-	-	254,403	254,403
Capital assets not being depreciated	-	-	-	-	550,000	550,000
Total Assets	<u>\$ 164,145</u>	<u>\$ 2,306,302</u>	<u>\$ 69,460</u>	<u>\$ 2,539,907</u>	<u>804,403</u>	<u>3,344,310</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	2,128,211	2,128,211
Total Deferred Outflows of Resources	-	-	-	-	2,128,211	2,128,211
Total Assets and Deferred Outflows of Resources	<u>\$ 164,145</u>	<u>\$ 2,306,302</u>	<u>\$ 69,460</u>	<u>\$ 2,539,907</u>		
LIABILITIES						
Accounts payable	\$ 11,542	\$ -	\$ -	\$ 11,542	-	11,542
Accrued interest on bonds	-	-	-	-	644,331	644,331
Long-term liabilities:						
Due within one year	-	-	-	-	350,000	350,000
Due in more than one year	-	-	-	-	35,788,306	35,788,306
Total Liabilities	<u>11,542</u>	<u>-</u>	<u>-</u>	<u>11,542</u>	<u>36,782,637</u>	<u>36,794,179</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>66,082</u>	<u>1,336,795</u>	<u>-</u>	<u>1,402,877</u>	<u>-</u>	<u>1,402,877</u>
Total Deferred Inflows of Resources	<u>66,082</u>	<u>1,336,795</u>	<u>-</u>	<u>1,402,877</u>	<u>-</u>	<u>1,402,877</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	3,456	-	-	3,456	(3,456)	-
Restricted:						
Emergencies	2,165	-	-	2,165	(2,165)	-
Debt service	-	969,507	-	969,507	(969,507)	-
Capital projects	-	-	69,460	69,460	(69,460)	-
Unassigned	<u>80,900</u>	<u>-</u>	<u>-</u>	<u>80,900</u>	<u>(80,900)</u>	<u>-</u>
Total Fund Balances	<u>86,521</u>	<u>969,507</u>	<u>69,460</u>	<u>1,125,488</u>	<u>(1,125,488)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 164,145</u>	<u>\$ 2,306,302</u>	<u>\$ 69,460</u>	<u>\$ 2,539,907</u>		
Restricted for:						
Emergencies					2,165	2,165
Debt service					325,176	325,176
Capital projects					69,460	69,460
Unrestricted					<u>(33,121,336)</u>	<u>(33,121,336)</u>
Total Net Position					<u>\$ (32,724,535)</u>	<u>\$ (32,724,535)</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 20,310	\$ -	\$ -	\$ 20,310	\$ -	\$ 20,310
Election expense	489	-	-	489	-	489
Insurance	3,739	-	-	3,739	-	3,739
Legal	32,961	-	-	32,961	-	32,961
Directors fees	2,300	-	-	2,300	-	2,300
Payroll taxes	176	-	-	176	-	176
Miscellaneous expenses	130	-	-	130	-	130
Treasurer's fees	802	16,062	-	16,864	-	16,864
Bond principal	-	415,000	-	415,000	(415,000)	-
Interest expense	-	1,168,572	-	1,168,572	1,030,995	2,199,567
Cost of issuance	-	8,500	1,076,865	1,085,365	-	1,085,365
Prepaid bond insurance	-	-	267,571	267,571	(267,571)	-
Capital expenditures	-	-	7,800	7,800	(7,800)	-
Facilities acquisition	-	-	2,800,788	2,800,788	(2,800,788)	-
Conveyance of assets to other entities	-	-	-	-	23,286,563	23,286,563
Repay developer advances - principal	-	-	4,348,812	4,348,812	(4,348,812)	-
Repay developer advances - interest	-	-	398,938	398,938	(398,938)	-
Total Expenditures	<u>60,907</u>	<u>1,608,134</u>	<u>8,900,774</u>	<u>10,569,815</u>	<u>16,078,649</u>	<u>26,648,464</u>
PROGRAM REVENUES						
Facility fees	<u>-</u>	<u>211,500</u>	<u>-</u>	<u>211,500</u>	<u>-</u>	<u>211,500</u>
Total Program Revenues	<u>-</u>	<u>211,500</u>	<u>-</u>	<u>211,500</u>	<u>-</u>	<u>211,500</u>
Net Program Income (Expenses)	(60,907)	(1,396,634)	(8,900,774)	(10,358,315)	(16,078,649)	(26,436,964)
GENERAL REVENUES						
Property taxes	53,396	1,068,632	-	1,122,028	-	1,122,028
Specific ownership taxes	3,161	63,252	-	66,413	-	66,413
Interest income	<u>15,227</u>	<u>21,579</u>	<u>16,074</u>	<u>52,880</u>	<u>-</u>	<u>52,880</u>
Total General Revenues	<u>71,784</u>	<u>1,153,463</u>	<u>16,074</u>	<u>1,241,321</u>	<u>-</u>	<u>1,241,321</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,877	(243,171)	(8,884,700)	(9,116,994)	(16,078,649)	(25,195,643)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	36,482,000	36,482,000	(36,482,000)	-
Payment to refunding agent	-	(28,105,760)	-	(28,105,760)	28,105,760	-
Transfers (to) from other funds	<u>-</u>	<u>27,589,108</u>	<u>(27,589,108)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(516,652)</u>	<u>8,892,892</u>	<u>8,376,240</u>	<u>(8,376,240)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	10,877	(759,823)	8,192	(740,754)	740,754	
CHANGE IN NET POSITION					(25,195,643)	(25,195,643)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>75,644</u>	<u>1,729,330</u>	<u>61,268</u>	<u>1,866,242</u>	<u>(9,395,134)</u>	<u>(7,528,892)</u>
END OF YEAR	<u>\$ 86,521</u>	<u>\$ 969,507</u>	<u>\$ 69,460</u>	<u>\$ 1,125,488</u>	<u>\$ (33,850,023)</u>	<u>\$ (32,724,535)</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2022

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 53,400	\$ 53,396	\$ (4)
Specific ownership taxes	2,978	3,161	183
Interest income	<u>330</u>	<u>15,227</u>	<u>14,897</u>
Total Revenues	<u>56,708</u>	<u>71,784</u>	<u>15,076</u>
EXPENDITURES			
Accounting and audit	25,000	20,310	4,690
Election expense	5,000	489	4,511
Insurance	4,000	3,739	261
Legal	30,000	32,961	(2,961)
Directors fees	4,800	2,300	2,500
Payroll taxes	368	176	192
Miscellaneous expenses	3,000	130	2,870
Treasurer's fees	794	802	(8)
Contingency	22,863	-	22,863
Emergency reserve	<u>2,165</u>	<u>-</u>	<u>2,165</u>
Total Expenditures	<u>97,990</u>	<u>60,907</u>	<u>37,083</u>
NET CHANGE IN FUND BALANCE	(41,282)	10,877	52,159
FUND BALANCE:			
BEGINNING OF YEAR	<u>41,282</u>	<u>75,644</u>	<u>34,362</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 86,521</u>	<u>\$ 86,521</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on June 19, 2008, under the name of Bridgewater Metropolitan District No. 2 as a quasi-municipal organization established under the State of Colorado Special District Act. The name of the District was changed to DayBreak Metropolitan District No. 2 on June 7, 2013, and subsequently to Colliers Hill Metropolitan District No. 2 on June 2, 2014. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes and facility fees (see Note 6). The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Basis of Presentation

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

During 2022, the District amended its total appropriations in the Capital Projects Fund from \$3,292,041 to \$40,000,000 and in the Debt Service Fund from \$1,572,858 to \$29,723,894 primarily for the refunding of the Series 2017A and 2017B bonds (see Note 4).

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

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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

Interfund Balances

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

Estimates

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

Prepaid Debt Insurance and Deferred Loss on Refunding

The prepaid debt insurance for the Series 2022A-1 Bonds, Series 2022A-2 Bonds and Series 2020B Bonds is being amortized over the respective terms of the bonds using the effective interest method. Accumulated amortization of the prepaid debt insurance amounted to \$13,168 at December 31, 2022. The deferred loss on refunding is being amortized over the life of the bonds using the effective interest method. Accumulated amortization on the deferred loss on refunding amounted to \$110,159, at December 31, 2022.

Deferred Outflows/Inflows of Resources

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2022.

Property Taxes

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

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

Long-Term Obligations

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$3,456 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$2,165 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$969,507 is restricted for the payment of the debt service costs associated with the General Obligation Limited Tax Refunding Bonds Series 2022A Series 2022B-1 and Series 2022B-2 (see Note 4).

The restricted fund balance in the Capital Project Fund in the amount of \$69,460 is restricted for the payment of the costs associated with capital improvements.

Committed Fund Balance

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

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 2: Cash and Investments

As of December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 92,130
Cash and investments - Restricted	<u>1,010,132</u>
Total	\$ <u>1,102,262</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with financial institutions	\$ 10,512
Investments - COLOTRUST	<u>1,091,750</u>
	\$ <u>1,102,262</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

Investments

Investment Valuation

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

As of December 31, 2022, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2022, the District had \$1,091,750 invested in COLOTRUST Plus+.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

Governmental Type Activities:	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Construction in progress	\$ 21,027,975	\$ 2,808,588	\$ 23,286,563	\$ 550,000
Total capital assets	<u>\$ 21,027,975</u>	<u>\$ 2,808,588</u>	<u>\$ 23,286,563</u>	<u>\$ 550,000</u>

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

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

General Obligation Limited Tax Bonds, Series 2017A - On March 29, 2017, the District issued \$20,625,000 of General Obligation Limited Tax Bonds, Series 2017A, (the "Series 2017A bonds"), dated March 24, 2017. The Series 2017A bonds proceeds were used for the purposes of: (a) paying the project costs for infrastructure located within the District, and (b) paying the costs of issuance of the Series 2017A bonds. The Bonds are term bonds, of which, \$6,615,000 bearing interest at 6.250% mature December 1, 2037, and \$14,010,000 bearing interest at 6.500% mature December 1, 2047, payable semiannually on each June 1 and December 1, commencing on December 1, 2022. The Series 2017A bonds were fully refunded in 2022.

Subordinate Limited Tax General Obligation Bonds, Series 2017B - On March 29, 2017, the District issued the Subordinate Limited Tax General Obligation Bonds Series 2017B (the "Series 2017B bonds"), in the par value of \$3,501,000. The Bonds bear interest at 8.50% payable annually on December 15, to the extent of subordinate pledged revenue is available, commencing December 15, 2017. The Series 2017B Bonds mature on December 15, 2047. Proceeds from the sale of the Series 2017B Bonds were used for the purposes of: (a) paying the project costs for infrastructure located within the District, and (b) paying the costs of issuance of the Series 2017B Bonds. Notwithstanding anything in the Subordinate Indenture to the contrary, all of the Series 2017B bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on December 16, 2056, the Termination Date, regardless of the amount of principal and interest paid prior to the Termination Date. The Series 2017B bonds were fully refunded in 2022.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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

The Series 2022A Bonds carry a coupon rate ranging from 1.491% to 3.989% and mature on December 1, 2047. The Series 2022A Bonds are secured by a required maximum mill levy of 55.664 mills, less the operations mill levy (the “Senior Required Mill Levy”), the portion of specific ownership taxes attributable to the property taxes resulting from the Senior Required Mill Levy, facilities fees (see Note 6) and a Reserve Fund in the amount of \$775,763. The Series 2022A Bonds are subject to a mandatory sinking fund redemption each December 1 commencing December 1, 2022.

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

The Series 2022B-1 Bonds carried a coupon rate of 6.00% which changed to 5.75% at the time of the tax-exempt reissuance on December 16, 2022. The Series 2022B-1 Bonds mature on December 15, 2047. The Series 2022B-1 Bonds are secured by a required maximum mill levy of 55.664 mills, less the Senior Required Mill Levy and the operations mill levy (the “Subordinate Required Mill Levy”), the portion of specific ownership taxes attributable to the property taxes resulting from the Subordinate Required Mill Levy, facilities fees (see Note 6), capitalized interest in the estimated amount of \$338,561 and to the extent excess pledged revenues are available, deposits will be made to a Surplus Fund, up to a maximum amount of \$1,599,500. The Series 2022B-1 Bonds are subject to mandatory sinking fund redemptions each December 15 commencing December 15, 2024. The Series 2022B-1 Bonds are also subject to redemption prior to maturity at the option of the District on March 1, 2027, through February 28, 2030, at a redemption premium of 1-3% and redemption with no premium on or after March 1, 2030.

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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

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

	Principal	Interest	Total
2023	\$ 350,000	\$ 424,044	\$ 774,044
2024	355,000	418,126	773,126
2025	360,000	411,590	771,590
2026	370,000	404,214	774,214
2027	380,000	395,763	775,763
2028 - 2032	2,025,000	1,822,587	3,847,587
2033 - 2037	2,345,000	1,476,302	3,821,302
2038 - 2042	2,775,000	1,004,231	3,779,231
2043 - 2047	3,330,000	408,075	3,738,075
	<u>\$ 12,290,000</u>	<u>\$ 6,764,932</u>	<u>\$ 19,054,932</u>

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

	Principal	Interest	Total
2023	\$ -	\$ 919,713	\$ 919,713
2024	60,000	919,713	979,713
2025	95,000	916,263	1,011,263
2026	195,000	910,800	1,105,800
2027	200,000	899,588	1,099,588
2028 - 2032	1,600,000	4,278,000	5,878,000
2033 - 2037	2,685,000	3,700,988	6,385,988
2038 - 2042	4,200,000	2,765,175	6,965,175
2043 - 2047	6,960,000	1,343,488	8,303,488
	<u>\$ 15,995,000</u>	<u>\$ 16,653,728</u>	<u>\$ 32,648,728</u>

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<i>General Obligation Bonds</i>					
General Obligation Bonds - Series 2017A Bonds	\$ 20,625,000	\$ -	\$ 20,625,000	\$ -	\$ -
General Obligation Bonds - Series 2017B Bonds	3,501,000	-	3,501,000	-	-
General Obligation Bonds - Series 2022A Bonds	-	12,705,000	415,000	12,290,000	350,000
General Obligation Bonds - Series 2022B-1 Bonds	-	15,995,000	-	15,995,000	-
General Obligation Bonds - Series 2022B-2 Bonds	-	7,782,000	-	7,782,000	-
Total	24,126,000	36,482,000	24,541,000	36,067,000	350,000
Original issue discount	(199,785)	-	199,785	-	-
Total	23,926,215	36,482,000	24,740,785	36,067,000	350,000
<i>Other</i>					
Facilities Funding & Acquisition Agreement	4,348,812	-	4,348,812	-	-
Facilities Funding & Acquisition Agreement-Interest	308,041	90,897	398,938	-	-
Administrative Adv & Reimbursement Agreement	50,000	-	-	50,000	-
Administrative Adv & Reimbursement Agreement - Interest	17,317	3,989	-	21,306	-
Total	4,724,170	94,886	4,747,750	71,306	-
	<u>\$ 28,650,385</u>	<u>\$ 36,576,886</u>	<u>\$ 29,488,535</u>	<u>\$ 36,138,306</u>	<u>\$ 350,000</u>

Debt Authorization

On May 8, 2008, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$330,000,000 for providing public improvements. As of December 31, 2022, the District had remaining voted debt authorization of approximately \$305,874,000. Per the District's Service Plan, the District with Colliers Hill Metropolitan District No. 3, ("District No. 3"), cannot issue aggregate debt in excess of \$60,000,000. The District has not budgeted to issue any new debt during 2023.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 5: Related Party

One member of the Board of Directors is an employee of RainTree Investment Corporation (“RainTree”), which has significant ownership and/or investment interests in the property within the District. Management believes that all potential conflicts, if any, have been disclosed to the Secretary of State and the Board of Directors. Two members of the Board of Directors are employees of JR Engineering LLC, which is contracted as project manager for the construction of the capital infrastructure. In 2022, the District recorded \$7,800 of expenditures for services rendered by JR Engineering LLC. In 2023, the Board was replaced with all homeowners from within the District as a result of the May 2023 election.

Note 6: Agreements

District Facility Fees – On November 7, 2016, and as amended and/or restated in 2017, the District was approved to impose a facility fee due and payable upon issuance of a building permit to a buyer by the County. The fee, at the District’s discretion, may increase on an annual basis in an amount up to 10% annually not to exceed \$5,000 overall, unless, subsequently consented to by the Town of Erie, Colorado, (the “Town”). For 2022, the fee was \$2,250 per single family unit, \$1,700 per single family attached unit and \$1,500 per apartment unit. During 2022, the District imposed \$211,500 in fees of which \$24,750 was receivable at year-end.

Advance and Reimbursement Agreement

In November 2015, the District entered into an Advance and Reimbursement Agreement (the “Agreement”), with DayBreak Recovery Acquisition, LLC, (the “Investor”). The advances earned interest from the date of the advance at the rate of the 8.5% per annum. The District anticipates that it will not have sufficient funds to make the payment of its capital expenses; therefore, pursuant to this agreement the Investor will advance funds to meet any shortfalls. In 2022, all outstanding balances were repaid with the Series 2022B-2 bond proceeds.

Administrative Advance and Reimbursement Agreement. On November 15, 2013, the District and District No. 3, entered into an Administrative Advance and Reimbursement Agreement with the Investor. The District anticipates that it will not have sufficient funds to make the payment of its operations and maintenance expenses; therefore, pursuant to this agreement the Investor agreed to advance funds to meet any shortfalls. The advances earn interest from the date the funds are deposited into the District’s account at the rate of 8.0% per annum. As of December 31, 2022, the principal was \$50,000 and the accrued interest was \$21,306.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Intergovernmental Agreement – On April 14, 2017, effective January 1, 2016, the District entered into an Intergovernmental Agreement, (“IGA”), with District No. 3 regarding cost sharing. District and District No. 3 acknowledge that District has incurred costs on behalf of District No. 3 which will benefit the District. District No. 3 has agreed to reimburse District for 50% of the costs under the Reimbursement Obligation. In 2020, the District conveyed \$4,564,325 in capital assets to District No. 3 under this agreement with this amount plus interest being reimbursed to the District by District No. 3.

Note 7: Tax, Spending and Debt Limitations

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

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

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

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 8: Risk Management

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

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

Note 9: Interfund and Operating Transfers

The transfer of \$27,589,108 from the Capital Projects Fund to Debt Service Fund was transferred for the purpose of the bond refunding (see Note 4).

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2022

- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2022

	Original <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 1,068,713	\$ 1,068,713	\$ 1,068,632	\$ (81)
Specific ownership taxes	64,123	64,123	63,252	(871)
Interest income	25,000	25,000	21,579	(3,421)
Facility fees	<u>518,669</u>	<u>518,669</u>	<u>211,500</u>	<u>(307,169)</u>
Total Revenues	<u>1,676,505</u>	<u>1,676,505</u>	<u>1,364,963</u>	<u>(311,542)</u>
EXPENDITURES				
Interest expense	1,206,891	1,168,572	1,168,572	-
Principal payment	340,000	415,000	415,000	-
Cost of issuance	-	8,500	8,500	-
Trustee fees	10,000	10,000	-	10,000
Treasurer's fees	<u>15,967</u>	<u>16,062</u>	<u>16,062</u>	<u>-</u>
Total Expenditures	<u>1,572,858</u>	<u>1,618,134</u>	<u>1,608,134</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	103,647	58,371	(243,171)	(301,542)
OTHER FINANCING SOURCES (USES)				
Payment to refunding agent	-	(28,105,760)	(28,105,760)	-
Transfers (to) from other funds	<u>-</u>	<u>27,682,207</u>	<u>27,589,108</u>	<u>(93,099)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(423,553)</u>	<u>(516,652)</u>	<u>(93,099)</u>
NET CHANGE IN FUND BALANCE	103,647	(365,182)	(759,823)	(394,641)
FUND BALANCE:				
BEGINNING OF YEAR	<u>927,667</u>	<u>927,667</u>	<u>1,729,330</u>	<u>801,663</u>
END OF YEAR	<u>\$ 1,031,314</u>	<u>\$ 562,485</u>	<u>\$ 969,507</u>	<u>\$ 407,022</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2022

	Original <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest income	\$ 1,000	\$ 16,000	\$ 16,074	\$ 74
Investor advances	<u>-</u>	<u>3,455,732</u>	<u>-</u>	<u>(3,455,732)</u>
Total Revenues	<u>1,000</u>	<u>3,471,732</u>	<u>16,074</u>	<u>(3,455,658)</u>
EXPENDITURES				
Repay developer advances - principal	-	7,548,539	4,348,812	3,199,727
Repay developer advances - interest	-	400,000	398,938	1,062
Cost of issuances	-	1,351,253	1,076,865	274,388
Prepaid bond insurance	-	-	267,571	(267,571)
Capital expenditures	-	-	7,800	(7,800)
Facilities acquisition	<u>3,292,041</u>	<u>3,018,001</u>	<u>2,800,788</u>	<u>217,213</u>
Total Expenditures	<u>3,292,041</u>	<u>12,317,793</u>	<u>8,900,774</u>	<u>3,417,019</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,291,041)	(8,846,061)	(8,884,700)	(38,639)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	36,482,000	36,482,000	-
Transfers (to) from other funds	<u>-</u>	<u>(27,682,207)</u>	<u>(27,589,108)</u>	<u>93,099</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,799,793</u>	<u>8,892,892</u>	<u>93,099</u>
NET CHANGE IN FUND BALANCE	(3,291,041)	(46,268)	8,192	54,460
FUND BALANCE:				
BEGINNING OF YEAR	<u>3,291,041</u>	<u>61,268</u>	<u>61,268</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 69,460</u>	<u>\$ 54,460</u>

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

Colliers Hill Metropolitan District No. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED December 31, 2022

<u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 93,180	10.000	40.000	\$ 4,659	\$ -	100.00%
2013	\$ 65,810	10.000	40.000	\$ 3,291	\$ 3,291	100.02%
2014	\$ 835,132	50.000	0.000	\$ 41,757	\$ 41,757	100.00%
2015	\$ 643,060	50.000	0.000	\$ 32,153	\$ 32,067	99.73%
2016	\$ 348,230	50.000	0.000	\$ 17,412	\$ 17,412	100.00%
2017	\$ 272,190	50.000	0.000	\$ 13,610	\$ 13,610	100.00%
2018	\$ 404,860	55.275	0.000	\$ 22,379	\$ 22,590	100.94%
2019	\$ 2,071,270	18.362	36.913	\$ 114,489	\$ 114,489	100.00%
2020	\$ 5,825,630	5.509	50.155	\$ 324,278	\$ 324,277	100.00%
2021	\$ 11,343,170	3.304	52.360	\$ 631,406	\$ 635,981	100.72%
2022	\$ 20,158,700	2.649	53.015	\$ 1,122,114	\$ 1,122,028	99.99%
Estimated for December 31, 2023	\$ 24,565,760	2.690	54.417	\$ 1,402,877		

NOTE

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

Colliers Hill Metropolitan District No. 2

CONTINUING DISCLOSURE OBLIGATION

December 31, 2022

Largest Taxpayers in the District

(Unaudited)

<u>Taxpayer Name</u>	<u>2022 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Richmond American Homes of Colorado, Inc.	\$ 998,930	4.07%
KB Home Colorado, Inc.	314,140	1.28%
Kerr-McGee Gathering LLC	284,910	1.16%
United Power, Inc.	161,540	0.66%
Black Hills Colorado Gas, Inc.	71,660	0.29%
Private residence	62,590	0.25%
Private residence	52,340	0.21%
Private residence	62,070	0.25%
Private residence	59,860	0.24%
Private residence	57,940	0.24%
Total	<u>\$ 2,125,980</u>	<u>8.65%</u>

NOTE:

Assessed valuations were obtained from the Weld County website.

Total Assessed Valuation:	<u>\$ 24,565,760</u>
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Colliers Hill Metropolitan District No. 2

CONTINUING DISCLOSURE OBLIGATION

December 31, 2022

2022 Assessed and Actual Valuation of Classes of Property in the District

(Unaudited)

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>Actual Valuation</u>	<u>Percent of Actual Valuation</u>
Oil & Gas	\$ 174,690	0.71%	\$ 602,407	0.18%
State Assessed	755,390	3.07%	2,604,761	0.80%
Vacant	1,475,880	6.02%	5,087,677	1.56%
Agricultural	1,100	0.00%	4,166	0.00%
Commercial	22,960	0.09%	79,183	0.02%
Residential	22,135,740	90.11%	318,477,138	97.44%
Total	<u>\$ 24,565,760</u>	<u>100.00%</u>	<u>\$ 326,855,332</u>	<u>100.00%</u>

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Colliers Hill Metropolitan District No. 3
Weld County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colliers Hill Metropolitan District No. 3 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

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

Hiratsuka & Associates, LLP

November 28, 2023
Wheat Ridge, Colorado

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS						
Cash and investments	\$ 27,021	\$ -	\$ -	\$ 27,021	\$ -	\$ 27,021
Cash and investments - restricted	1,850	4,031,748	3,425,455	7,459,053	-	7,459,053
Receivable - county treasurer	43	-	-	43	-	43
Receivable - other	-	-	2,644,772	2,644,772	-	2,644,772
Property taxes receivable	42,264	-	-	42,264	-	42,264
Prepaid expenses	2,436	-	-	2,436	-	2,436
Capital assets not being depreciated	-	-	-	-	18,160,320	18,160,320
Total Assets	<u>\$ 73,614</u>	<u>\$ 4,031,748</u>	<u>\$ 6,070,227</u>	<u>\$ 10,175,589</u>	<u>18,160,320</u>	<u>28,335,909</u>
LIABILITIES						
Accounts payable	\$ 13,312	\$ -	\$ 1,002,092	\$ 1,015,404	-	1,015,404
Accrued interest on bonds	-	-	-	-	430,331	430,331
Long-term liabilities:						
Due in more than one year	-	-	-	-	28,855,242	28,855,242
Total Liabilities	<u>13,312</u>	<u>-</u>	<u>1,002,092</u>	<u>1,015,404</u>	<u>29,285,573</u>	<u>30,300,977</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred reimbursement income	-	-	2,582,734	2,582,734	-	2,582,734
Deferred property taxes	<u>42,264</u>	<u>-</u>	<u>-</u>	<u>42,264</u>	<u>-</u>	<u>42,264</u>
Total Deferred Inflows of Resources	<u>42,264</u>	<u>-</u>	<u>2,582,734</u>	<u>2,624,998</u>	<u>-</u>	<u>2,624,998</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	2,436	-	-	2,436	(2,436)	-
Restricted:						
Emergencies	1,850	-	-	1,850	(1,850)	-
Debt service	-	4,031,748	-	4,031,748	(4,031,748)	-
Capital projects	-	-	2,485,401	2,485,401	(2,485,401)	-
Unassigned	<u>13,752</u>	<u>-</u>	<u>-</u>	<u>13,752</u>	<u>(13,752)</u>	<u>-</u>
Total Fund Balances	<u>18,038</u>	<u>4,031,748</u>	<u>2,485,401</u>	<u>6,535,187</u>	<u>(6,535,187)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 73,614</u>	<u>\$ 4,031,748</u>	<u>\$ 6,070,227</u>	<u>\$ 10,175,589</u>		
Net Position:						
Restricted for:						
Emergencies					1,850	1,850
Debt service					3,601,417	3,601,417
Capital projects					2,485,401	2,485,401
Unrestricted					<u>(10,678,734)</u>	<u>(10,678,734)</u>
Total Net Position					<u>\$ (4,590,066)</u>	<u>\$ (4,590,066)</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Accounting and audit	\$ 15,557	\$ -	\$ -	\$ 15,557	\$ -	\$ 15,557
Election expense	467	-	-	467	-	467
Insurance	2,712	-	-	2,712	-	2,712
Legal	21,137	-	-	21,137	-	21,137
Directors fees	1,650	-	-	1,650	-	1,650
Payroll taxes	126	-	-	126	-	126
Miscellaneous expenses	101	-	-	101	-	101
Treasurer's fees	151	-	-	151	-	151
Interest expense	-	1,439,500	-	1,439,500	196,587	1,636,087
Paying agent fees	-	9,250	-	9,250	-	9,250
Capital outlay	-	-	7,921,770	7,921,770	(7,921,770)	-
Total Expenditures	<u>41,901</u>	<u>1,448,750</u>	<u>7,921,770</u>	<u>9,412,421</u>	<u>(7,725,183)</u>	<u>1,687,238</u>
GENERAL REVENUES						
Property taxes	10,079	-	-	10,079	-	10,079
Specific ownership taxes	597	-	-	597	-	597
Interest income	<u>1</u>	<u>75,740</u>	<u>109,647</u>	<u>185,388</u>	<u>-</u>	<u>185,388</u>
Total General Revenues	<u>10,677</u>	<u>75,740</u>	<u>109,647</u>	<u>196,064</u>	<u>-</u>	<u>196,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,224)	(1,373,010)	(7,812,123)	(9,216,357)	7,725,183	(1,491,174)
OTHER FINANCING SOURCES (USES)						
Operating advances	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	3,776	(1,373,010)	(7,812,123)	(9,181,357)	9,181,357	
CHANGE IN NET POSITION					(1,491,174)	(1,491,174)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>14,262</u>	<u>5,404,758</u>	<u>10,297,524</u>	<u>15,716,544</u>	<u>(18,815,436)</u>	<u>(3,098,892)</u>
END OF YEAR	<u>\$ 18,038</u>	<u>\$ 4,031,748</u>	<u>\$ 2,485,401</u>	<u>\$ 6,535,187</u>	<u>\$ (11,125,253)</u>	<u>\$ (4,590,066)</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2022

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 10,079	\$ 10,079	\$ -
Specific ownership taxes	605	597	(8)
Interest income	-	1	1
Operating advances	<u>90,326</u>	<u>35,000</u>	<u>(55,326)</u>
Total Revenues	<u>101,010</u>	<u>45,677</u>	<u>(55,333)</u>
EXPENDITURES			
Accounting and audit	20,000	15,557	4,443
Election expense	5,000	467	4,533
Insurance	4,000	2,712	1,288
Legal	25,000	21,137	3,863
Directors fees	4,800	1,650	3,150
Payroll taxes	368	126	242
Miscellaneous expenses	2,500	101	2,399
Treasurer's fees	217	151	66
Contingency	18,808	-	18,808
Emergency reserve	<u>1,840</u>	<u>-</u>	<u>1,840</u>
Total Expenditures	<u>82,533</u>	<u>41,901</u>	<u>40,632</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	18,477	3,776	(14,701)
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	<u>(19,477)</u>	<u>-</u>	<u>19,477</u>
Total Other Financing Sources (Uses)	<u>(19,477)</u>	<u>-</u>	<u>19,477</u>
NET CHANGE IN FUND BALANCE	(1,000)	3,776	4,776
FUND BALANCE:			
BEGINNING OF YEAR	<u>1,000</u>	<u>14,262</u>	<u>13,262</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 18,038</u>	<u>\$ 18,038</u>

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Colliers Hill Metropolitan District No. 3, (the “District”), located in Weld County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on June 24, 2008, under the name of Bridgewater Metropolitan District No. 3 as a quasi-municipal organization established under the State of Colorado Special District Act. The name of the District was changed to DayBreak Metropolitan District No. 3 on June 7, 2013, and subsequently to Colliers Hill Metropolitan District No. 3 on June 2, 2014. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary are property taxes, interest income and investor advances. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB Pronouncements, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Basis of Presentation

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

Subsequent to year-end, the District amended its total appropriations in the Debt Service Fund from \$1,443,500 to \$1,460,000 primarily due to an increase in paying agent fees.

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

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no qualifying items for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available, and a Deferred Reimbursement from the Town of Erie related to payment for fixed assets that was not received during the first 60 days of 2023, and will be recognized as an inflow of resources in 2023 when the amount is available.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2022.

Property Taxes

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

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

Long-Term Obligations

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

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$2,436 represents prepaid expenditures.

Restricted Fund Balance

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,850 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$4,031,578 is restricted for the payment of the debt service costs associated with the General Obligation Limited Tax Bonds Series 2020 Bonds and Series 2021B₍₃₎ Bonds (see Note 4).

The restricted fund balance in the Capital Project Fund in the amount of \$2,485,401 is restricted for the payment of the costs associated with capital improvements.

Committed Fund Balance

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

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

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

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

Net Position

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

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

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

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

Note 2: Cash and Investments

As of December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 27,021
Cash and investments - Restricted	<u>7,459,053</u>
Total	\$ <u>7,486,074</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	\$ 24,046
Investments - COLOTRUST	<u>7,462,028</u>
	\$ <u>7,486,074</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Investments

Investment Valuation

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

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

As of December 31, 2022, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2021, the District had \$7,462,028 invested in COLOTRUST Plus+.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

Governmental Type Activities:	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Construction in progress	\$ 10,238,550	\$ 7,921,770	\$ -	\$ 18,160,320
Total capital assets	<u>\$ 10,238,550</u>	<u>\$ 7,921,770</u>	<u>\$ -</u>	<u>\$ 18,160,320</u>

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

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

General Obligation Limited Tax Bonds, Series 2020 - On November 5, 2020, the District issued \$26,550,000 of General Obligation Limited Tax Bonds, Series 2020, (the "Series 2020 bonds"). The Series 2020 bonds will be used for the purposes of: (a) paying the project costs for infrastructure located within the District and (b) paying the costs of issuance of the Series 2020 bonds. The Bonds are term bonds, of which, \$8,300,000 bearing interest at 5.250% mature December 1, 2040, and \$18,250,000 bearing interest at 5.500% mature December 1, 2048, payable semiannually on each June 1 and December 1, commencing on December 1, 2020.

The Series 2020 bonds are subject to a sinking fund redemption prior to maturity, as a whole or in integral multiples of \$1,000, at the option of the District, on December 1, 2025, and any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Redemption Date	Redemption Premium
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00%
December 1, 2027 to November 30, 2028	1.00%
December 1, 2028, and thereafter	0.00%

The Bonds maturing on December 1, 2040, are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, commencing December 1, 2027. The Bonds maturing on December 1, 2048, are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, commencing December 1, 2041.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Series 2020 Bonds are secured by and payable from the pledged revenue, consisting of the moneys derived from a required mill levy of not to exceed 55.664 mills (adjusted for changes occurring after the issuance of such bonds in the ratio of assessed values to market values), facility fees (see Note 6) and any other legally available moneys of the District credited to the Bond Fund. The required and limited mill levy rates require adjustment for changes in the ratio of assessed values to market values occurring after the issuance date of the Bonds.

The Series 2020 Bonds are also secured by amounts on deposit in the Surplus Fund, which were partially funded upon issuance of the Series 2020 Bonds from the proceeds in the amount of \$2,630,000 and to be funded from excess Pledged Revenue, if any, accumulated therein up to the maximum amount of \$5,310,000.

Subordinate Limited Tax General Obligation Bonds Series 2021B₍₃₎ -

On May 6, 2021, the District issued \$2,213,000 in Subordinate Limited Tax General Obligation Bonds, Series 2021B₍₃₎, (“Series 2021B₍₃₎ Bonds”) for the purpose of repaying the Property Owner for costs incurred on the construction of the infrastructure within the boundaries of the District. The Series 2021B₍₃₎ Bonds bear interest at 8.500%, payable annually on December 15, commencing on December 15, 2021, to the extent that Subordinate Pledged Revenue is available. The Series 2021B₍₃₎ Bonds mature on December 15, 2043. The Series 2021B₍₃₎ Bonds are secured by Pledged Revenues including the Subordinate Required Mill Levy (as defined in the Indenture of Trust for the Series 2021B₍₃₎ Bonds or the “Series 2021B₍₃₎ Indenture”), specific ownership taxes which is collected as a result of the Subordinate Required Mill Levy and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

The Series 2021B₍₃₎ Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. As of December 31, 2022, the accrued interest was \$310,373.

The Series 2021B₍₃₎ Bonds are subject to a sinking fund redemption prior to maturity, as a whole or in integral multiples of \$1,000, at the option of the District, on December 1, 2025, and any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00%
December 1, 2027 to November 30, 2028	1.00%
December 1, 2028, and thereafter	0.00%

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Any principal and accrued interest remaining unpaid on the Series 2021B₍₃₎ Bonds after December 16, 2048, will be deemed to be discharged, satisfied and no longer due and payable.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020 bonds:

	Principal	Interest	Total
2023	\$ -	\$ 1,439,500	\$ 1,439,500
2024	-	1,439,500	1,439,500
2025	-	1,439,500	1,439,500
2026	-	1,439,500	1,439,500
2027	90,000	1,439,500	1,529,500
2028 - 2032	1,485,000	7,052,600	8,537,600
2033 - 2037	3,380,000	6,477,725	9,857,725
2038 - 2042	6,215,000	5,309,963	11,524,963
2043 - 2047	10,080,000	3,222,175	13,302,175
2048	5,300,000	291,500	5,591,500
	<u>\$ 26,550,000</u>	<u>\$ 29,551,463</u>	<u>\$ 56,101,463</u>

Because of the uncertainty of the timing of payments for the Series 2021B₍₃₎ Bonds, summaries of the long-term debt principal and interest requirements is not presented.

Administrative Advance and Reimbursement Agreement - On November 15, 2013, the District and District No. 2, entered into an Administrative Advance and Reimbursement Agreement with the DayBreak Recovery Acquisition, LLC, (the “Investor”). The District anticipates that it will not have sufficient funds to make the payment of its operations and maintenance expenses; therefore, pursuant to this agreement the Investor advances funds to meet any shortfalls. The advances earn interest from the date the funds are deposited into the District’s account at the rate of 8.0% per annum. As of December 31, 2022, the principal was \$85,000, and the accrued interest was \$7,242.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

The following is an analysis of changes in long-term debt for the period ending December 31, 2021:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<i>General Obligation Bonds</i>					
General Obligation Bonds - Series 2020 Bonds	\$ 26,550,000	\$ -	\$ -	\$ 26,550,000	\$ -
Subordinate General Obligation Bonds - Series 2021B(3) Bonds	2,213,000	-	-	2,213,000	-
Total	28,763,000	-	-	28,763,000	-
<i>Other</i>					
Administrative Adv & Reimbursement Agreement	25,000	60,000	-	85,000	-
Administrative Adv & Reimbursement Agreement - Interest	1,830	5,412	-	7,242	-
Total	26,830	65,412	-	92,242	-
	<u>\$ 28,789,830</u>	<u>\$ 65,412</u>	<u>\$ -</u>	<u>\$ 28,855,242</u>	<u>\$ -</u>

Debt Authorization

On May 8, 2008, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$330,000,000 for providing public improvements. As of December 31, 2021, the District had remaining voted debt authorization of approximately \$301,237,000. Per the District's Service Plan, the District with Colliers Hill Metropolitan District No. 2, ("District No. 2"), cannot issue aggregate debt in excess of \$60,000,000. The District has not budgeted to issue any new debt during 2023.

Note 5: Related Party

In 2022, one member of the Board of Directors was an employee of RainTree Investment Corporation ("RainTree"), which has significant ownership and/or investment interests in the property within the Districts. That member resigned from Raintree but remains on the Board as a consultant to Raintree. Management believes that all potential conflicts, if any, have been disclosed to the Secretary of State and the Board of Directors. Two members of the Board of Directors are employees of JR Engineering LLC, of which is contracted as project manager for the construction of the capital infrastructure. In 2022, the District recognized expenses of \$353,982 for services rendered by JR Engineering LLC, of which \$13,125 is included in payables at the year end.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

Note 6: Agreements

District Facility Fees – On November 7, 2016, and as amended and/or restated in 2017, the District imposes a facility fee due and payable upon issuance of a building permit to a buyer by the County. The fee, at the District’s discretion, may increase on an annual basis in an amount up to 10% annually not to exceed \$5,000 overall, unless, subsequently consented to by the Town of Erie, Colorado, (the “Town”). Initially, the fee was \$2,250 per single family unit, \$1,700 per single family attached unit and \$1,500 per apartment unit. During 2022, District infrastructure was in progress and no permits were issued.

Intergovernmental Agreement – On April 14, 2017, effective January 1, 2016, the District entered into an Intergovernmental Agreement, (“IGA”), with District No. 2 regarding cost sharing. The District and District No. 2 acknowledge that District No. 2 incurred costs on behalf of the District which will benefit the District. The District agreed to reimburse District No. 2 for 50% of the costs under the Reimbursement Obligation. In 2020, the District accepted \$4,564,325 in capital assets with additional interest accrued on the reimbursement obligation totaling \$318,878 for a total reimbursement owed to District No. 2 of \$4,883,203. All amounts have been reimbursed as of December 31, 2022. During 2023, this agreement was terminated.

Cost Sharing Intergovernmental Agreement (Weld County Road 5 Widening and Raw Water Line Project) – On May 12, 2021, the District entered into a Cost Sharing Intergovernmental Agreement (“Cost Sharing IGA”), with the Town of Erie, Colorado (the “Town”), in which, the District is willing to construct and install public improvements related to the widening of Weld County Road 5 and the installation of a raw water line along and adjacent to Weld County Road 5 bounded by Weld County Road 10, and north of Erie Parkway (the "Project"). The Town, willing to pay its proportionate share of the costs, deposited \$3,090,408 into an escrow account on July 12, 2021. In 2023, the District received \$2,582,734 from the Town. This amount is recorded as Accounts Receivable and Deferred Reimbursement Revenue on the Balance Sheet.

Note 7: Tax, Spending and Debt Limitations

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

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements December 31, 2022

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

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

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

Note 8: Risk Management

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

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

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements
December 31, 2022

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

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2022

	Original <u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest income	\$ -	\$ 10,000	\$ 75,740	\$ 65,740
Total Revenues	-	10,000	75,740	65,740
EXPENDITURES				
Interest expense	1,439,500	1,439,500	1,439,500	-
Paying agent fees	4,000	20,500	9,250	11,250
Total Expenditures	1,443,500	1,460,000	1,448,750	11,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,443,500)	(1,450,000)	(1,373,010)	76,990
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	19,477	-	-	-
Total Other Financing Sources (Uses)	19,477	-	-	-
NET CHANGE IN FUND BALANCE	(1,424,023)	(1,450,000)	(1,373,010)	76,990
FUND BALANCE:				
BEGINNING OF YEAR	5,401,036	5,401,036	5,404,758	3,722
END OF YEAR	\$ 3,977,013	\$ 3,951,036	\$ 4,031,748	\$ 80,712

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 10,000	\$ 109,647	\$ 99,647
Total Revenues	10,000	109,647	99,647
EXPENDITURES			
Capital expenditures	14,756,106	7,921,770	6,834,336
Total Expenditures	14,756,106	7,921,770	6,834,336
NET CHANGE IN FUND BALANCE	(14,746,106)	(7,812,123)	6,933,983
FUND BALANCE:			
BEGINNING OF YEAR	14,746,106	10,297,524	(4,448,582)
END OF YEAR	\$ -	\$ 2,485,401	\$ 2,485,401

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<u>December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 742,510	50.000	0.000	\$ 37,126	\$ 28,223	76.02%
2014	\$ 586,709	50.000	0.000	\$ 29,335	\$ 29,335	100.00%
2015	\$ 671,980	50.000	0.000	\$ 33,599	\$ 35,165	104.66%
2016	\$ 510,880	50.000	0.000	\$ 25,544	\$ 25,544	100.00%
2017	\$ 341,310	50.000	0.000	\$ 17,066	\$ 17,066	100.00%
2018	\$ 256,950	55.275	0.000	\$ 14,203	\$ 14,203	100.00%
2019	\$ 359,670	55.275	0.000	\$ 19,881	\$ 14,596	73.42%
2020	\$ 224,350	55.664	0.000	\$ 12,488	\$ 12,488	100.00%
2021	\$ 202,210	55.664	0.000	\$ 11,256	\$ 13,673	121.47%
2022	\$ 181,060	55.664	0.000	\$ 10,079	\$ 10,079	100.00%
Estimated for December 31, 2023	\$ 758,630	55.711	0.000	\$ 42,264		

NOTE

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