

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for 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

September 30, 2022
Wheat Ridge, Colorado

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 85,164	\$ -	\$ -	\$ 85,164	\$ -	\$ 85,164
Cash and investments - restricted	2,165	1,686,363	76,543	1,765,071	-	1,765,071
Receivable - county treasurer	156	2,467	-	2,623	-	2,623
Receivable - facility fees	-	40,500	-	40,500	-	40,500
Property taxes receivable	53,400	1,068,714	-	1,122,114	-	1,122,114
Capital assets not being depreciated	-	-	-	-	21,027,975	21,027,975
Total Assets	<u>\$ 140,885</u>	<u>\$ 2,798,044</u>	<u>\$ 76,543</u>	<u>\$ 3,015,472</u>	<u>21,027,975</u>	<u>24,043,447</u>
LIABILITIES						
Accounts payable	\$ 11,841	\$ -	\$ 15,275	\$ 27,116	-	27,116
Accrued interest on bonds	-	-	-	-	1,772,724	1,772,724
Long-term liabilities:						
Due within one year	-	-	-	-	415,000	415,000
Due in more than one year	-	-	-	-	28,235,385	28,235,385
Total Liabilities	<u>11,841</u>	<u>-</u>	<u>15,275</u>	<u>27,116</u>	<u>30,423,109</u>	<u>30,450,225</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>53,400</u>	<u>1,068,714</u>	<u>-</u>	<u>1,122,114</u>	<u>-</u>	<u>1,122,114</u>
Total Deferred Inflows of Resources	<u>53,400</u>	<u>1,068,714</u>	<u>-</u>	<u>1,122,114</u>	<u>-</u>	<u>1,122,114</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	2,165	-	-	2,165	(2,165)	-
Debt service	-	1,729,330	-	1,729,330	(1,729,330)	-
Capital projects	-	-	61,268	61,268	(61,268)	-
Unassigned	<u>73,479</u>	<u>-</u>	<u>-</u>	<u>73,479</u>	<u>(73,479)</u>	<u>-</u>
Total Fund Balances	<u>75,644</u>	<u>1,729,330</u>	<u>61,268</u>	<u>1,866,242</u>	<u>(1,866,242)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 140,885</u>	<u>\$ 2,798,044</u>	<u>\$ 76,543</u>	<u>\$ 3,015,472</u>		
Net Position:						
Restricted for:						
Emergencies					2,165	2,165
Capital projects					61,268	61,268
Unrestricted					<u>(7,592,325)</u>	<u>(7,592,325)</u>
Total Net Position					<u>\$ (7,528,892)</u>	<u>\$ (7,528,892)</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, 2021

	<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	\$ 20,683	\$ -	\$ -	\$ 20,683	\$ -	\$ 20,683
Insurance	3,749	-	-	3,749	-	3,749
Legal	16,139	-	-	16,139	-	16,139
Directors fees	600	-	-	600	-	600
Payroll taxes	46	-	-	46	-	46
Miscellaneous expenses	130	-	-	130	-	130
Treasurer's fees	567	8,979	-	9,546	-	9,546
Interest expense	-	1,324,087	-	1,324,087	833,440	2,157,527
Paying agent fees	-	6,000	-	6,000	-	6,000
Capital improvements	-	-	19,195	19,195	(19,195)	-
Repay developer advances - principal	-	-	3,417,172	3,417,172	(3,417,172)	-
Repay developer advances - interest	-	-	1,466,031	1,466,031	(1,466,031)	-
Total Expenditures	<u>41,914</u>	<u>1,339,066</u>	<u>4,902,398</u>	<u>6,283,378</u>	<u>(4,068,958)</u>	<u>2,214,420</u>
PROGRAM REVENUES						
Facility fees	<u>-</u>	<u>342,000</u>	<u>-</u>	<u>342,000</u>	<u>-</u>	<u>342,000</u>
Total Program Revenues	<u>-</u>	<u>342,000</u>	<u>-</u>	<u>342,000</u>	<u>-</u>	<u>342,000</u>
Net Program Income (Expenses)	(41,914)	(997,066)	(4,902,398)	(5,941,378)	4,068,958	(1,872,420)
GENERAL REVENUES						
Property taxes	37,749	598,232	-	635,981	-	635,981
Specific ownership taxes	1,881	29,823	-	31,704	-	31,704
Interest income	137	1,093	-	1,230	-	1,230
Reimbursement from District No. 3	<u>-</u>	<u>-</u>	<u>4,883,203</u>	<u>4,883,203</u>	<u>-</u>	<u>4,883,203</u>
Total General Revenues	<u>39,767</u>	<u>629,148</u>	<u>4,883,203</u>	<u>5,552,118</u>	<u>-</u>	<u>5,552,118</u>
NET CHANGES IN FUND BALANCES	(2,147)	(367,918)	(19,195)	(389,260)	389,260	
CHANGE IN NET POSITION					3,679,698	3,679,698
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>77,791</u>	<u>2,097,248</u>	<u>80,463</u>	<u>2,255,502</u>	<u>(13,464,091)</u>	<u>(11,208,589)</u>
END 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>

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, 2021

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 37,478	\$ 37,749	\$ 271
Specific ownership taxes	2,249	1,881	(368)
Interest income	<u>330</u>	<u>137</u>	<u>(193)</u>
Total Revenues	<u>40,057</u>	<u>39,767</u>	<u>(290)</u>
EXPENDITURES			
Accounting and audit	25,000	20,683	4,317
Insurance	4,000	3,749	251
Legal	30,000	16,139	13,861
Directors fees	4,800	600	4,200
Payroll taxes	368	46	322
Miscellaneous expenses	3,000	130	2,870
Treasurer's fees	558	567	(9)
Contingency	34,319	-	34,319
Emergency reserve	<u>2,015</u>	<u>-</u>	<u>2,015</u>
Total Expenditures	<u>104,060</u>	<u>41,914</u>	<u>62,146</u>
NET CHANGE IN FUND BALANCE	(64,003)	(2,147)	61,856
FUND BALANCE:			
BEGINNING OF YEAR	<u>64,003</u>	<u>77,791</u>	<u>13,788</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 75,644</u>	<u>\$ 75,644</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, 2021

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 reimbursements from District No. 3 (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 Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, 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, 2021

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, 2021

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 2021, the District amended its total appropriations in the Capital Projects Fund from \$4,000,000 to \$5,250,260 primarily for the repayment of capital advances.

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, 2021, 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, 2021

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.

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 the 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.

Original Issue Discount

Original issue discount from the Series 2017B Bonds is being amortized over the respective terms of the bonds using the effective interest method. Accumulated amortization of original issue discount amounted to \$35,450 at December 31, 2021.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2021

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 2021.

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, 2021

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.

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 \$1,729,330 is restricted for the payment of the debt service costs associated with the General Obligation Limited Tax Bonds Series 2017A and B bonds (see Note 4).

The restricted fund balance in the Capital Project Fund in the amount of \$64,068 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.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

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.

Note 2: Cash and Investments

As of December 31, 2021, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 85,164
Cash and investments - Restricted	<u>1,765,071</u>
Total	\$ <u>1,850,235</u>

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

Deposits with financial institutions	\$ 77,447
Investments - COLOTRUST	<u>1,772,788</u>
	\$ <u>1,850,235</u>

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2021

Deposits

Custodial Credit Risk

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

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

Investments

Investment Valuation

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

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

As of December 31, 2021, 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, 2021, the District had \$1,772,788 invested in COLOTRUST Plus+.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

Governmental Type Activities:	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Construction in progress	\$ 21,008,780	\$ 19,195	\$ -	\$ 21,027,975
Total capital assets	\$ 21,008,780	\$ 19,195	\$ -	\$ 21,027,975

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.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2021, 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 are subject to mandatory 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, 2022, 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, 2022 to November 30, 2023	3.00%
December 1, 2023 to November 30, 2024	2.00%
December 1, 2024 to November 30, 2025	1.00%
December 1, 2025, and thereafter	0.00%

The Series 2017A Bonds and the Series 2017B Bonds are secured by and payable from the pledged revenue, consisting of the moneys derived from a required mill levy of not to exceed 50.000 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 2017A Bonds are also secured by amounts held by the Trustee in the senior reserve fund and, amounts accumulated in the surplus. The Reserve Fund and the Surplus Fund shall be maintained by the Trustee until the date upon which the Debt to Assessed Ratio is less than 50%, after which the Reserve Fund and the Surplus Fund shall be terminated and any moneys in the Reserve Fund transferred to the Construction Fund and utilized for construction of capital improvements as approved by the voters of the District and any moneys in the Surplus Fund shall be applied to any lawful purpose. In December 2021, the District had to draw from the Reserve Fund to pay the scheduled interest payment on the Series 2017A Bonds.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

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 \$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 are subject to mandatory sinking fund redemption prior to maturity, as a whole or in integral multiples of \$1,000, at the option of the District, on December 15, 2022, 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 15, 2022 to December 14, 2023	3.00%
December 15, 2023 to December 14, 2024	2.00%
December 15, 2024 to December 14, 2025	1.00%
December 15, 2025, and thereafter	0.00%

The Series 2017A and 2017B Bonds were refunded in full in February 2022 by the Series 2022A, 2022B-1 and 2022B-2 Bonds.

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.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2021

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 carry a coupon rate of 6.00% and will change to 5.75% at the time of the tax-exempt reissuance. They 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 options 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, 20217 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.

The District realized a net present value Savings of \$6,775,664 by refunding the Series 2017A and B Bonds.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

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

	Principal	Interest	Total
2022	\$ 415,000	\$ 350,161	\$ 765,161
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 - 2031	1,980,000	1,877,226	3,857,226
2032 - 2036	2,270,000	1,555,897	3,825,897
2037 - 2041	2,680,000	1,109,191	3,789,191
2042 - 2046	3,210,000	536,122	3,746,122
2047	715,000	28,521	743,521
	<u>\$ 12,705,000</u>	<u>\$ 7,115,091</u>	<u>\$ 19,820,091</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
2022	\$ -	\$ 818,411	\$ 818,411
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 - 2031	1,395,000	4,358,213	5,753,213
2032 - 2036	2,455,000	3,842,150	6,297,150
2037 - 2041	3,845,000	2,986,263	6,831,263
2042 - 2046	5,755,000	1,674,400	7,429,400
2047	2,195,000	126,213	2,321,213
	<u>\$ 15,995,000</u>	<u>\$ 17,472,139</u>	<u>\$ 33,467,139</u>

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

Due to the uncertainty in the timing of principal and interest payments on the Series 2021 Bonds, no schedule of payments is presented.

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
<i>General Obligation Bonds</i>					
General Obligation Bonds - Series 2017A Bonds	\$ 20,625,000	\$ -	\$ -	\$ 20,625,000	\$ 415,000
General Obligation Bonds - Series 2017B Bonds	3,501,000	-	-	3,501,000	-
Total	24,126,000	-	-	24,126,000	415,000
Original issue discount	(208,476)	-	8,691	(199,785)	-
Total	23,917,524	-	8,691	23,926,215	415,000
<i>Other</i>					
Facilities Funding & Acquisition Agreement	7,765,984	-	3,417,172	4,348,812	-
Facilities Funding & Acquisition Agreement-Interest	1,357,816	416,256	1,466,031	308,041	-
Administrative Adv & Reimbursement Agreement	50,000	-	-	50,000	-
Administrative Adv & Reimbursement Agreement - Interest	13,328	3,989	-	17,317	-
Total	9,187,128	420,245	4,883,203	4,724,170	-
	<u>\$ 33,104,652</u>	<u>\$ 420,245</u>	<u>\$ 4,891,894</u>	<u>\$ 28,650,385</u>	<u>\$ 415,000</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, 2021, 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 budgeted to issue new debt during 2022.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2021

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. One other director is a consultant, directly or indirectly, 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, which is contracted as project manager for the construction of the capital infrastructure. In 2021, the District recorded \$19,195 of expenditures for services rendered by JR Engineering LLC, of which \$15,275 is payable at year-end.

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 2021, the fee was \$2,250 per single family unit, \$1,700 per single family attached unit and \$1,500 per apartment unit. During 2021, the District collected \$342,000 in fees of which \$40,500 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. As of December 31, 2021, balances outstanding are \$4,348,812 for capital advances with accrued interest of \$308,041.

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 moneys are deposited into the District’s account at the rate 8.0% per annum. As of December 31, 2021, the principal was \$50,000 and the accrued interest was \$17,317.

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2021

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. The District and District No. 3 acknowledge that District has incurred costs on behalf of the District No. 3 which will benefit the District. The 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. The amount plus \$318,878 of related accrued interest under the Advance and Reimbursement Agreement were transferred to the District for repayment of capital advances (see Note 4).

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, 2021

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.

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,

COLLIERS HILL METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

- 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.

Note 10: Subsequent Event

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 (see Note 4). No other subsequent events occurred in the District through the date of the financial statements.

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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 593,928	\$ 598,232	\$ 4,304
Specific ownership taxes	35,636	29,823	(5,813)
Interest income	25,000	1,093	(23,907)
Facility fees	<u>360,500</u>	<u>342,000</u>	<u>(18,500)</u>
Total Revenues	<u>1,015,064</u>	<u>971,148</u>	<u>(43,916)</u>
EXPENDITURES			
Interest expense	1,324,088	1,324,087	1
Paying agent fees	8,000	6,000	2,000
Treasurer's fees	<u>8,909</u>	<u>8,979</u>	<u>(70)</u>
Total Expenditures	<u>1,340,997</u>	<u>1,339,066</u>	<u>1,931</u>
NET CHANGE IN FUND BALANCE	(325,933)	(367,918)	(41,985)
FUND BALANCE:			
BEGINNING OF YEAR	<u>2,184,479</u>	<u>2,097,248</u>	<u>(87,231)</u>
END OF YEAR	<u>\$ 1,858,546</u>	<u>\$ 1,729,330</u>	<u>\$ (129,216)</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, 2021

	Original			Variance
	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES				
Reimbursements from other governments	\$ 4,000,000	\$ 5,250,260	\$ 4,883,203	\$ (367,057)
Total Revenues	<u>4,000,000</u>	<u>5,250,260</u>	<u>4,883,203</u>	<u>(367,057)</u>
EXPENDITURES				
Repay developer advances - principal	-	-	3,417,172	(3,417,172)
Repay developer advances - interest	-	-	1,466,031	(1,466,031)
Capital improvements	<u>4,000,000</u>	<u>5,250,260</u>	<u>19,195</u>	<u>5,231,065</u>
Total Expenditures	<u>4,000,000</u>	<u>5,250,260</u>	<u>4,902,398</u>	<u>347,862</u>
NET CHANGE IN FUND BALANCE	-	-	(19,195)	(19,195)
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>80,463</u>	<u>80,463</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,268</u>	<u>\$ 61,268</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, 2021

<u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Tax</u>		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%
Estimated for December 31, 2022	\$ 20,158,700	2.649	53.015	\$ 1,122,114		

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, 2021

Largest Taxpayers in the District

(Unaudited)

<u>Taxpayer Name</u>	<u>2021 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Richmond American Homes of Colorado, Inc.	\$ 998,930	4.96%
Kerr-McGee Gathering LLC	284,910	1.41%
KB Home Colorado, Inc.	314,140	1.56%
United Power, Inc.	161,510	0.80%
Black Hills Colorado Gas, Inc.	71,660	0.36%
Private residence	62,590	0.31%
Private residence	62,340	0.31%
Private residence	62,070	0.31%
Private residence	59,860	0.30%
Private residence	57,940	0.29%
Total	<u>\$ 2,135,950</u>	<u>10.61%</u>

NOTE:

Assessed valuations were obtained from the Weld County website.

Total Assessed Valuation: \$ 20,158,700

Colliers Hill Metropolitan District No. 2

CONTINUING DISCLOSURE OBLIGATION

December 31, 2021

2020 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	\$ 172,510	0.86%	\$ 594,827	0.23%
State Assessed	402,220	2.00%	1,386,936	0.54%
Vacant	1,725,090	8.56%	5,947,445	2.31%
Agricultural	1,810	0.01%	6,235	0.00%
Commercial	30,140	0.15%	103,932	0.04%
Residential	17,826,930	88.43%	249,310,122	96.88%
Total	<u>\$ 20,158,700</u>	<u>100.00%</u>	<u>\$ 257,349,497</u>	<u>100.00%</u>