

## COTTONWOOD HIGHLANDS METROPOLITAN DISTRICT NO. 2

### 2022 ANNUAL REPORT TO

### THE TOWN OF PARKER

Pursuant to §32-1-207(3)(c), C.R.S., Section 10.11.040 of the Town Code, and Section VII of the Service Plan for Cottonwood Highlands Metropolitan District No. 2 (the “**District**”), the District is required to provide an annual report to the Town of Parker with regard to the following matters:

For the year ending December 31, 2022, the District makes the following report:

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

**1. Boundary changes made.**

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

**2. Intergovernmental agreements entered into or terminated with other governmental entities.**

*The District did not enter into or terminate any intergovernmental agreements with other governmental entities in 2022.*

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

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

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

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

**5. The status of the construction of public improvements by the District.**

*Public improvement construction for the development within the District has yet to begin. District No. 2 is the commercial district and residential development will drive the demand for commercial development.*

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

*No public improvements were dedicated or conveyed in 2022.*

**7. The final assessed valuation of the District as of December 31<sup>st</sup> of the reporting year.**  
*The 2022 final assessed valuation as certified by the Douglas County Assessor for the District is \$2,109,640.*

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

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

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

*A copy of the 2021 Audit Exemption Application is attached hereto as **Exhibit B**.*

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

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

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

*The District did not experience any inability to pay its 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 District in implementing its Service Plan for the report year.**

*Public improvement construction for the development within the District has yet to begin. District No. 2 is the commercial district and residential development will drive the demand for commercial development.*

**13. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of Public Improvements in the report year, as well as any public improvements proposed to be undertaken in the five (5) years following the report year.**

*No capital expenditures were incurred by this commercial District in 2022. Public infrastructure construction is expected to begin within the next five (5) years when demand for commercial development materializes.*

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

*The District has not issued Debt.*

*The District's 2022 mill levy pledged to Debt retirement: 20.000 (for anticipated future bonded debt service)*

*The District's total 2022 assessed valuation: \$2,109,640*

- 15. A summary of the residential and commercial development in the District for the report year.**

*The District is a commercial only district. No commercial development occurred in 2022.*

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

*None.*

- 17. Certification of the Board that no action, event or condition enumerated in Town Code section 10.11.060 has occurred in the report year, or certification that such event has occurred but that an amendment to the Service Plan that allows such event has been approved by Town Council.**

*Attached as **Exhibit C** is the certification given on behalf of Board of Directors that no action, event or condition enumerated in Section 10.11.060 occurred in 2022.*

- 18. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board.**

*At the time of submission of this annual report:*

*Kent Carlson (land owner/ developer)*

*Scott Carlson (land owner/original developer)*

*Clay Carlson (land owner/original developer)*

*General Counsel: White Bear Ankele Tanaka & Waldron, 2154 E. Commons Avenue, Suite 2000, Centennial, CO 80122, (303) 858-1800.*

*Regular meetings are scheduled for the first Tuesday of June and December at 10:00 a.m., 12460 1<sup>st</sup> Street, Eastlake, Colorado and/or via Zoom Teleconference.*

**19. Certification from the External Financial Advisor that the District is in compliance with all provisions of the Service Plan.**

*Not Applicable since the District has not engaged an External Financial Advisor because it has not issued any privately placed Debt.*

**EXHIBIT A**  
**2023 Budget**

**COTTONWOOD HIGHLANDS METROPOLITAN DISTRICT NO. 2**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2023**

**COTTONWOOD HIGHLANDS METRO DISTRICT NO. 2  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 13,852	\$ 18,029	\$ 29,823
REVENUES			
Property taxes	35,804	39,720	42,192
Specific ownership tax	3,452	3,576	3,798
Total revenues	<u>39,256</u>	<u>43,296</u>	<u>780,990</u>
Total funds available	<u>53,108</u>	<u>61,325</u>	<u>810,813</u>
EXPENDITURES			
General Fund	15,480	18,000	22,000
Debt Service Fund	19,599	13,502	316
Capital Projects Fund	-	-	735,000
Total expenditures	<u>35,079</u>	<u>31,502</u>	<u>757,316</u>
Total expenditures and transfers out requiring appropriation	<u>35,079</u>	<u>31,502</u>	<u>757,316</u>
ENDING FUND BALANCES	<u>\$ 18,029</u>	<u>\$ 29,823</u>	<u>\$ 53,497</u>
EMERGENCY RESERVE	\$ 600	\$ 600	\$ 700
TOTAL RESERVE	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 700</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HIGHLANDS METRO DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/18/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

**ASSESSED VALUATION**

Commercial	\$ 713,720	\$ 560,000	\$ 560,000
State assessed	200	-	4,500
Vacant land	1,076,210	1,221,490	1,221,490
Personal property	-	204,450	323,630
Natural resources	20	20	20
Certified Assessed Value	\$ 1,790,150	\$ 1,985,960	\$ 2,109,640

**MILL LEVY**

General	10.000	10.000	10.000
Debt Service	10.000	10.000	10.000
Total mill levy	20.000	20.000	20.000

**PROPERTY TAXES**

General	\$ 17,902	\$ 19,860	\$ 21,096
Debt Service	17,902	19,860	21,096
Budgeted property taxes	\$ 35,804	\$ 39,720	\$ 42,192

**BUDGETED PROPERTY TAXES**

<b>General</b>	<b>\$ 17,902</b>	<b>\$ 19,860</b>	<b>\$ 21,096</b>
<b>Debt Service</b>	<b>17,902</b>	<b>19,860</b>	<b>21,096</b>
	<b>\$ 35,804</b>	<b>\$ 39,720</b>	<b>\$ 42,192</b>

No assurance provided. See summary of significant assumptions.



**GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 13,759	\$ 17,907	\$ 21,555
REVENUES			
Property taxes	17,902	19,860	21,096
Specific ownership tax	1,726	1,788	1,899
Total revenues	<u>19,628</u>	<u>21,648</u>	<u>22,995</u>
Total funds available	<u>33,387</u>	<u>39,555</u>	<u>44,550</u>
EXPENDITURES			
General and administrative			
Accounting	5,808	6,000	7,000
County Treasurer's fee	269	298	316
Dues and licenses	267	257	350
Insurance and bonds	2,885	1,895	3,200
Legal services	6,251	7,000	8,000
Election expense	-	1,366	1,000
Contingency	-	1,184	2,134
Total expenditures	<u>15,480</u>	<u>18,000</u>	<u>22,000</u>
Total expenditures and transfers out requiring appropriation	<u>15,480</u>	<u>18,000</u>	<u>22,000</u>
ENDING FUND BALANCE	<u>\$ 17,907</u>	<u>\$ 21,555</u>	<u>\$ 22,550</u>
EMERGENCY RESERVE	\$ 600	\$ 600	\$ 700
TOTAL RESERVE	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 700</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HIGHLANDS METRO DISTRICT NO. 2  
DEBT SERVICE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 93	\$ 122	\$ 8,268
REVENUES			
Property taxes	17,902	19,860	21,096
Specific ownership tax	1,726	1,788	1,899
Total revenues	<u>19,628</u>	<u>21,648</u>	<u>22,995</u>
Total funds available	<u>19,721</u>	<u>21,770</u>	<u>31,263</u>
EXPENDITURES			
County Treasurer's fee	269	298	316
Repay developer advance	19,330	13,204	-
Total expenditures and transfers out requiring appropriation	<u>19,599</u>	<u>13,502</u>	<u>316</u>
ENDING FUND BALANCE	<u>\$ 122</u>	<u>\$ 8,268</u>	<u>\$ 30,947</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HIGHLANDS METRO DISTRICT NO. 2  
 CAPITAL PROJECTS FUND  
 2023 BUDGET  
 WITH 2021 ACTUAL AND 2022 ESTIMATED  
 For the Years Ended and Ending December 31,**

1/18/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	735,000
Total revenues	<u>-</u>	<u>-</u>	<u>735,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>735,000</u>
EXPENDITURES			
Capital Projects			
Capital outlay	-	-	735,000
Total expenditures	<u>-</u>	<u>-</u>	<u>735,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>735,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**COTTONWOOD HIGHLANDS METROPOLITAN DISTRICT NO. 2**  
**2023 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Douglas County on October 6, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Parker. The District's service area is located in the Town of Parker.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety and fire protection, security, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

On November 4, 2014, the District's voters authorized total indebtedness of \$200,000,000 for the above listed facilities. The District's voters also authorized total indebtedness of \$30,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

Pursuant to the Consolidated Service Plan for Cottonwood Highlands Metropolitan District No. 1 and No. 2, the District is permitted to issue bond indebtedness not to exceed \$30,000,000 combined for both Districts. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

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

**Revenues**

**Property Taxes**

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

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

**COTTONWOOD HIGHLANDS METROPOLITAN DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 9% of the property taxes collected.

**Developer Advance**

The District is in the development stage. As such major portion of the capital expenditures are expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

**Expenditures**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, and dues.

**Capital Outlay**

The District anticipates infrastructure improvements during 2023.

**County Treasurer's Fees**

County Treasurer's collection fees are computed at 1.5% of the District's property taxes.

**Debt Service**

The following is an analysis of the anticipated changes in the District's long-term obligations for the year ending December 31, 2021 and December 31, 2022:

**Cottonwood Highlands Metropolitan District No. 2  
Schedule of Developer Advances**

	Balance at December 31, 2021*	Additions*	Repayments*	Balance at December 31, 2022*
Developer Advances - Operating	\$ 12,397	\$ -	\$ (12,397)	\$ -
Accrued interest - Operating	18	789	(807)	-
	<u>12,415</u>	<u>789</u>	<u>(13,204)</u>	<u>-</u>

\*Estimate

**COTTONWOOD HIGHLANDS METROPOLITAN DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (continued)**

**Operating and Capital Leases**

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2023, as defined under TABOR.

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

**EXHIBIT B**  
**2021 Audit Exemption Application**

**APPLICATION FOR EXEMPTION FROM AUDIT****SHORT FORM**NAME OF GOVERNMENT  
ADDRESS**Cottonwood Highlands Metropolitan District No. 2****8390 E Crescent Parkway****Suite 300****Greenwood Village, CO 80111**

CONTACT PERSON

**Jason Carroll**

PHONE

**303-779-5710**

EMAIL

**Jason.Carroll@claconnect.com**

FAX

**303-779-0348**For the Year Ended  
12/31/21  
or fiscal year ended:**PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

**Jason Carroll**

TITLE

**Accountant for the District**

FIRM NAME (if applicable)

**CliftonLarsonAllen LLP**

ADDRESS

**8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111**

PHONE

**303-779-5710**

DATE PREPARED

**3/10/2022****PREPARER** (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded  
using Governmental or Proprietary fund types**GOVERNMENTAL**  
(MODIFIED ACCRUAL BASIS)**PROPRIETARY**  
(CASH OR BUDGETARY BASIS)



## PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ 35,804	
2-2	Specific ownership	\$ 3,452	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 39,256	

## PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 267	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 2,885	
3-7	Accounting and legal fees	\$ 12,059	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ 17,386	
3-20	Repayment of Developer Advance Interest	\$ 1,944	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify): County Treasurer's Fees	\$ 538	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 35,079	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - STOP. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".



## PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

- 6-1 Does the entity have capital assets?  Yes       No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain:  Yes       No

The District has no capital assets.

Complete the following capital assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Please use this space to provide any explanations or comments:

## PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

- 7-1 Does the entity have an "old hire" firefighters' pension plan?  Yes       No
- 7-2 Does the entity have a volunteer firefighters' pension plan?  Yes       No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
<b>TOTAL</b>	<b>\$ -</b>
What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?	\$ -

Please use this space to provide any explanations or comments:

## PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No                      N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?  Yes       No       N/A

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:  Yes       No       N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 28,000
Amended Debt Service Fund	\$ 20,000

## PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

**9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?



Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

**If no, MUST explain:**

## PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

**10-1** Is this application for a newly formed governmental entity?



If yes: Date of formation:

**10-2** Has the entity changed its name in the past or current year?



If yes: Please list the NEW name & PRIOR name:

**10-3** Is the entity a metropolitan district?



Please indicate what services the entity provides:

Planning, design, acquisition, construction, installation, relocation, redevelopment and financing of public improvements.

**10-4** Does the entity have an agreement with another government to provide services?



If yes: List the name of the other governmental entity and the services provided:

See below.

**10-5** Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during



If yes: Date Filed:

**10-6** Does the entity have a certified Mill Levy?



If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	10.000
General/Other mills	10.000
<b>Total mills</b>	<b>20.000</b>

Please use this space to provide any explanations or comments:

10-4: The District has an agreement with the Town of Parker, Colorado and Cottonwood Highlands Metropolitan District No. 1 which authorizes the parties to cooperate and contract with one another regarding functions, services and facilities that each is authorized to provide.

## PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure




#### Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

**The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:**

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
  - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
  - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Scott Carlson	I Scott Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  _____ Date: <u>3/15/2022</u> My term Expires: May 2022
Board Member 2	Clay Carlson	I Clay Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  _____ Date: <u>3/15/2022</u> My term Expires: May 2022
Board Member 3	Kent Carlson	I Kent Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  _____ Date: <u>3/17/2022</u> My term Expires: May 2022
Board Member 4		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 5		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP  
8390 East Crescent Pkwy., Suite 300  
Greenwood Village, CO 80111  
phone 303-779-5710 fax 303-779-0348  
CLAAconnect.com

## Accountant's Compilation Report

Board of Directors  
Cottonwood Highlands Metropolitan District No. 2  
Douglas County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Cottonwood Highlands Metropolitan District No. 2 as of and for the year ended December 31, 2021, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Cottonwood Highlands Metropolitan District No. 2.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Greenwood Village, Colorado  
March 10, 2022

**Certificate Of Completion**

Envelope Id: 051DBEF6F7234BBDB1344706298635D9	Status: Completed
Subject: Please DocuSign: CHMD No. 2 - 2021 Audit Exemption.pdf	
Client Name: Cottonwood Highlands Metropolitan District No. 2	
Client Number: 011-044667-00	
Source Envelope:	
Document Pages: 8	Signatures: 3
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	Lauryn Rodvold
Time Zone: (UTC-06:00) Central Time (US & Canada)	220 South 6th Street
	Suite 300
	Minneapolis, MN 55402
	Lauryn.Rodvold@claconnect.com
	IP Address: 165.225.10.188


**Record Tracking**

Status: Original	Holder: Lauryn Rodvold	Location: DocuSign
3/15/2022 1:01:26 PM	Lauryn.Rodvold@claconnect.com	

**Signer Events**

Clay Carlson  
 claycarlson@carlsonland.net  
 Security Level: Email, Account Authentication (None)

**Signature**

DocuSigned by:  
  
 69394080773B400...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 96.84.249.109

**Timestamp**

Sent: 3/15/2022 1:05:36 PM  
 Viewed: 3/15/2022 4:33:31 PM  
 Signed: 3/15/2022 4:33:42 PM

**Electronic Record and Signature Disclosure:**

Accepted: 3/15/2022 4:33:31 PM  
 ID: 3bd56005-a026-4ec6-9ca9-7c2b2e37d772

Kent Carlson  
 kentcarlson@carlsonland.net  
 Security Level: Email, Account Authentication (None)


DocuSigned by:  
  
 A7356B0AA53244E...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 96.84.249.109

Sent: 3/15/2022 1:05:36 PM  
 Viewed: 3/17/2022 3:33:43 PM  
 Signed: 3/17/2022 3:33:57 PM

**Electronic Record and Signature Disclosure:**

Accepted: 3/4/2019 10:55:46 AM  
 ID: c01a8a1e-cd19-458b-9483-db7e1f09e787

Scott Carlson  
 scottcarlson@carlsonland.net  
 Security Level: Email, Account Authentication (None)

DocuSigned by:  
  
 1CDCFEE80064DC...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 96.84.249.109

Sent: 3/15/2022 1:05:35 PM  
 Viewed: 3/15/2022 2:26:18 PM  
 Signed: 3/15/2022 2:26:29 PM

**Electronic Record and Signature Disclosure:**

Accepted: 3/15/2022 2:26:18 PM  
 ID: 053c264f-a513-40ea-b1c2-eee1764cf45e

**In Person Signer Events**

**Signature**

**Timestamp**

**Editor Delivery Events**

**Status**

**Timestamp**

**Agent Delivery Events**

**Status**

**Timestamp**



<b>Intermediary Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
<b>Certified Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
<b>Carbon Copy Events</b>	<b>Status</b>	<b>Timestamp</b>
<b>Witness Events</b>	<b>Signature</b>	<b>Timestamp</b>
<b>Notary Events</b>	<b>Signature</b>	<b>Timestamp</b>
<b>Envelope Summary Events</b>	<b>Status</b>	<b>Timestamps</b>
Envelope Sent	Hashed/Encrypted	3/15/2022 1:05:36 PM
Certified Delivered	Security Checked	3/15/2022 2:26:18 PM
Signing Complete	Security Checked	3/15/2022 2:26:29 PM
Completed	Security Checked	3/17/2022 3:33:57 PM
<b>Payment Events</b>	<b>Status</b>	<b>Timestamps</b>
<b>Electronic Record and Signature Disclosure</b>		

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, CliftonLarsonAllen LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

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At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

#### **How to contact CliftonLarsonAllen LLP:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [BusinessTechnology@CLAconnect.com](mailto:BusinessTechnology@CLAconnect.com)

#### **To advise CliftonLarsonAllen LLP of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [BusinessTechnology@CLAconnect.com](mailto:BusinessTechnology@CLAconnect.com) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

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To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [BusinessTechnology@CLAconnect.com](mailto:BusinessTechnology@CLAconnect.com) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

#### **To withdraw your consent with CliftonLarsonAllen LLP**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to [BusinessTechnology@CLAconnect.com](mailto:BusinessTechnology@CLAconnect.com) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

**EXHIBIT C**

Certification on behalf of the Board of Directors

STATE OF COLORADO

COUNTY OF DOUGLAS

COTTONWOOD HIGHLANDS METROPOLITAN DISTRICTS NO. 2

White Bear Ankele Tanaka & Waldron P.C., acting general counsel and authorized representative for the Board of Directors of the above District for this annual report, hereby certifies, on the Board's behalf, that during the year 2022, no action, event or condition enumerated in Section 10.11.060 of the Town of Parker Code took place within the District's boundaries or for which the District was made aware, which would have required a service plan amendment as a change of a basic or essential nature.

WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys at Law

*White Bear Ankele Tanaka & Waldron*