

## HIGHLANDS METROPOLITAN DISTRICT NO. 2

### 2020 ANNUAL REPORT

Pursuant to the Amended and Restated Service Plan of Highlands Metropolitan District No. 2 (the “District”), the District is required to submit an annual report to the City and County of Broomfield, Colorado (“Broomfield”) for the proceeding calendar year.

To the best of our actual knowledge, for the year ending December 31, 2020, the District makes the following report:

A. Boundary changes made or proposed.

There were no boundary changes made or proposed within the District in 2020.

B. Intergovernmental Agreements with other governmental bodies entered into or proposed.

- Intergovernmental Agreement for Construction and Financing of Public Improvements by and between Highlands Metropolitan District No. 3 and the District, dated April 14, 2020.
- Escrow Agreement by and between the District, Highlands Metropolitan District No. 3, and UMB Bank, N.A., dated April 14, 2020.

C. Changes or proposed changes in the District’s policies.

There were no changes or proposed changes in the District’s policies in 2020.

D. Changes or proposed changes in the District's operations.

Due to the Executive Orders issued by Governor Polis and Public Health Orders implementing the Executive Orders issued by the Colorado Department of Public Health and Environment, and the threat posed by the COVID-19 coronavirus, meetings were held via teleconference. There were no other changes or proposed changes in the District’s operations in 2020.

E. Any changes in the financial status of the District including revenue projections, or operating costs.

A copy of the District's 2021 budget is attached hereto as **Exhibit A.**

F. A summary of any litigation, which involves the District.

To our actual knowledge, based on review of the court records in Broomfield County, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District as of December 31, 2020.

G. Proposed plans for the year immediately following the year summarized in the annual report.

The developer has completed installation and initial acceptance into the warranty period for approximately 95% of the District's improvements.

The remaining 5% will be warranty work on the improvements as well as one quarter portion of two traffic signals per period that will be installed when needed.

H. Current assessed valuation in the District.

The 2020 assessed valuations are attached hereto as **Exhibit B**. The 2020 assessed valuation is in the amount of \$7,714,290.

I. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year.

The audit for the year ending December 31, 2020 has not been completed as of this filing. The District will file a supplemental report to this Annual Report when the results of the 2020 audit is completed.

**EXHIBIT A**  
**2021 Budget**

**HIGHLANDS METROPOLITAN DISTRICT NO. 2**  
**2021**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2021 budget for the Highlands Metropolitan District No. 2.

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

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

The primary sources of revenue for the District in 2021 will be property taxes, and TIF revenue. The District intends to impose a mill levy of 60.596 mills on all property within the District for 2021, of which 5.000 mills will be dedicated to the General Fund and the balance of 55.596 mills will be allocated to the Debt Service Fund.

**Highlands Metropolitan District No. 2**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2021**

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>8/31/2020</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 18,267	23,494	\$ 20,866	\$ 20,866	3,581
Revenues:					
Property taxes	513	693	691	691	623
TIF	22,996	37,723	37,132	37,723	37,948
Specific ownership taxes	1,531	2,429	1,415	2,000	2,656
Interest income	6,946	-	2,249	3,500	-
Total revenues	31,986	40,845	41,487	43,914	41,227
Total funds available	50,253	64,339	62,353	64,780	44,808
Expenditures:					
Audit	4,500	4,500	4,400	4,400	4,500
Accounting	7,823	5,500	6,937	7,000	5,500
Legal	13,918	15,000	37,073	45,000	15,000
Insurance & bonds	3,138	3,400	3,589	3,589	3,400
Miscellaneous	-	1,500	1,202	1,202	1,500
Treasurer's fee	8	10	10	8	9
Contingency	-	33,532	-	-	14,002
Emergency reserve (3%)	-	897	-	-	897
Total expenditures	29,387	64,339	53,211	61,199	44,808
Ending fund balance	\$ 20,866	-	\$ 9,142	\$ 3,581	-
Current Year Total		7,683,182			7,714,290
Current year TIF		7,544,542			7,589,649
Assessed valuation		138,640			124,641
Mill Levy		5.000			5.000

**Highlands Metropolitan District No. 2**  
**Adopted Budget**  
**Capital Projects Fund**  
**For the Year ended December 31, 2021**

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>8/31/2020</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 806,030	757,136	\$ 760,751	\$ 760,751	12,387
Revenues:					
Developer advances	-	-	-	-	-
Interest income	17,335	10,000	3,420	4,000	1,000
Bond proceeds	-	-	-	-	-
Bond proceeds subordinate	-	-	-	-	-
Total revenues	<u>17,335</u>	<u>10,000</u>	<u>3,420</u>	<u>4,000</u>	<u>1,000</u>
Total funds available	<u>823,365</u>	<u>767,136</u>	<u>764,171</u>	<u>764,751</u>	<u>13,387</u>
Expenditures:					
Capital expenditures	<u>62,614</u>	<u>767,136</u>	<u>752,364</u>	<u>752,364</u>	<u>13,387</u>
Total expenditures	<u>62,614</u>	<u>767,136</u>	<u>752,364</u>	<u>752,364</u>	<u>13,387</u>
Ending fund balance	<u>\$ 760,751</u>	<u>-</u>	<u>\$ 11,807</u>	<u>\$ 12,387</u>	<u>-</u>

**Highlands Metropolitan District No. 2**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2021**

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>8/31/2020</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 1,170,680	1,180,425	\$ 1,200,124	\$ 1,200,124	1,343,664
Revenues:					
Property taxes	5,506	7,607	7,582	7,607	6,930
TIF	246,843	413,961	407,484	413,900	421,954
Specific ownership taxes	16,439	25,294	15,529	23,000	25,733
Development fees	47,500	15,000	-	-	-
Interest Income	20,090	15,000	5,892	6,000	3,500
Total revenues	<u>336,378</u>	<u>476,862</u>	<u>436,487</u>	<u>450,507</u>	<u>458,117</u>
Total funds available	<u>1,507,058</u>	<u>1,657,287</u>	<u>1,636,611</u>	<u>1,650,631</u>	<u>1,801,781</u>
Expenditures:					
Trustee fee	5,500	6,000	5,500	5,500	6,000
Treasurer's fees	84	117	115	117	107
Bond interest	301,350	301,350	150,675	301,350	301,350
Bond principal	-	-	-	-	35,000
Total expenditures	<u>306,934</u>	<u>307,467</u>	<u>156,290</u>	<u>306,967</u>	<u>342,457</u>
Ending fund balance	<u>\$ 1,200,124</u>	<u>1,349,820</u>	<u>\$ 1,480,321</u>	<u>\$ 1,343,664</u>	<u>1,459,324</u>
Current Year Total		7,683,182			7,714,290
Current year TIF		<u>7,544,542</u>			<u>7,589,649</u>
Assessed valuation		<u>138,640</u>			<u>124,641</u>
Mill Levy		<u>54.869</u>			<u>55.596</u>

**EXHIBIT B**  
**2020 Assessed Valuation**

## AMENDED CERTIFICATION OF VALUES

Name of Jurisdiction: HIGHLANDS METRO DIST 2 GEN

New District:

---

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

In accordance with 39-5-121(2)(a) and 39-5-128(1), C.R.S. The total Assessed Valuations for taxable year 2020  
In **Broomfield County** On 11/19/2020 Are:

Previous Year's Net Total Assessed Valuation:	\$138,640
Current Year's Gross Total Assessed Valuation:	\$7,714,290
(-) Less TIF district increment, if any:	\$7,589,649
Current Year's Net Total Assessed Valuation:	\$124,641
New Construction*:	\$805,610
Increased Production of Producing Mines**:	\$0
ANNEXATIONS/INCLUSIONS:	\$0
Previously Exempt Federal Property**:	\$0
New Primary Oil or Gas production from any Oil and Gas leasehold or land (29-1-301(1)(b) C.R.S.)***:	\$0
Taxes Received last year on omitted property as of August 1 (29-1-301(1)(a) C.R.S.) Includes all revenue collected on valuation not previously certified.	\$0.00
Taxes Abated or Refunded as of August 1 (39-10-114(1)(a)(i)(B) C.R.S.):	\$26.75

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

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

\*\* Jurisdiction must submit a certification to the Division of Local Government in order for a value to be accrued (DLG52 & 52A)

\*\*\* Jurisdiction must submit an application to the Division of Local Government in order for a value to be accrued. (DLG 52B)

---

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

In accordance with the Art. X, Sec. 20, Colorado Constitution and 39-5-121(2)(b), C.R.S. The Actual Valuations for the taxable year 2020  
In **Broomfield County** On 11/19/2020 Are:

Current Year's Total Actual Value of All Real Property*:	\$106,594,720
ADDITIONS TO TAXABLE REAL PROPERTY:	
Construction of taxable real property improvements**:	\$11,267,420
ANNEXATIONS/INCLUSIONS:	\$0
Increased Mining Production***:	\$0
Previously exempt property:	\$0
Oil or Gas production from a new well:	\$0
Taxable real property omitted from the previous year's tax warrant. (Only the most current year value can be reported):	\$0
DELETIONS FROM TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
Destruction of taxable property improvements:	\$0
Disconnections/Exclusions:	\$0
Previously Taxable Property:	\$0

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

\*\* Construction is defined as newly constructed taxable real property structures.

\*\*\* Includes production from a new mine and increase in production of a producing mine.

---

NOTE: All levies must be certified to the Board of County Commissioners no later than December 15, 2020