

HIGHLANDS METROPOLITAN DISTRICT NO. 2

2022 ANNUAL REPORT

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

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

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

The District did not have any boundary changes in 2022.

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

The District terminated an Intergovernmental Agreement for Construction and Financing of Public Improvements with Highlands Metropolitan District No. 3 on October 11, 2022.

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

The District has 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 Broomfield 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.

The District did not construct any Public Improvements in 2022.

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

No facilities or improvements were constructed by the District that were conveyed or dedicated to the City and County of Broomfield as of December 31, 2022.

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

The final assessed valuation of the District is attached hereto as **Exhibit A**.

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

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

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

The 2022 Audit is in process and will be submitted in a Supplemental Annual Report.

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

There are no uncured events of default by the District which continue beyond a ninety (90) day period, under any Debt instrument.

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

To our actual knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A
2022 Final Assessed Valuation

New Tax Entity? ☐ YES ☒ NOCity & County of **COUNTY ASSESSOR**

Date 11/18/2022

NAME OF TAX ENTITY: **HIGHLANDS METRO DISTRICT 2 GEN**

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022:

1.	PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$ 128,752
2.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$ 8,202,380
3.	LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$ 8,086,004
4.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$ 116,376
5.	NEW CONSTRUCTION: *	5.	\$ 21,520
6.	INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$ 0
7.	ANNEXATIONS/INCLUSIONS:	7.	\$ 0
8.	PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$ 0
9.	NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☐	9.	\$ 0
10.	TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$ 0.00
11.	TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$ 0.00

‡ 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 to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

☐ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART. X, SEC. 20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE City & County of Broomfield County ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022:

1.	CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$ 116,015,540
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ADDITIONS TO TAXABLE REAL PROPERTY

2.	CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: *	2.	\$ 0
3.	ANNEXATIONS/INCLUSIONS:	3.	\$ 0
4.	INCREASED MINING PRODUCTION: §	4.	\$ 0
5.	PREVIOUSLY EXEMPT PROPERTY:	5.	\$ 0
6.	OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$ 0
7.	TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX	7.	\$ 0

WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY

8.	DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$ 0
9.	DISCONNECTIONS/EXCLUSIONS:	9.	\$ 0
10.	PREVIOUSLY TAXABLE PROPERTY:	10.	\$ 0

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

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

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY **\$116,488,290**

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** **\$ 0**

*** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

New Tax Entity? ☐ YES ☒ NOCity & County of **COUNTY ASSESSOR**

Date 11/18/2022

NAME OF TAX ENTITY: **HIGHLANDS METRO DISTRICT 2 BOND**

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EXHIBIT B
2023 Budget

HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 budget for the Highlands Metropolitan District No. 2.

The Highlands Metropolitan District No. 2 has adopted budgets for two funds, a General Fund to provide for the payment of general operating expenditures; 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 source of revenue for the district in 2023 will be tax revenue. The district intends to impose a mill levy of 50.000 mills on all property within the district for 2023, of which 5.000 mills will be dedicated to the General Fund and the balance of 45.000 mills will be allocated to the Debt Service Fund.

Highlands Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2023

	<u>Actual 2021</u>	<u>Adopted Budget 2022</u>	<u>Actual 6/30/2022</u>	<u>Estimate 2022</u>	<u>Adopted Budget 2023</u>
Beginning fund balance	\$ 20	12,676	\$ 10,038	\$ 10,038	20,705
Revenues:					
Property taxes	624	644	636	691	582
TIF	37,362	40,695	40,319	40,600	39,824
Specific ownership taxes	2,258	2,849	976	2,200	2,788
Interest income	71	-	424	100	-
Total revenues	<u>40,315</u>	<u>44,188</u>	<u>42,355</u>	<u>43,591</u>	<u>43,194</u>
Total funds available	<u>40,335</u>	<u>56,864</u>	<u>52,393</u>	<u>53,629</u>	<u>63,899</u>
Expenditures:					
Audit	-	5,000	-	5,000	5,000
Accounting	14,295	5,500	3,467	6,000	5,500
Legal	12,485	15,000	3,239	15,000	15,000
Election	-	5,000	2,664	2,664	25,000
Insurance & bonds	3,427	3,400	3,250	3,250	3,400
Miscellaneous	80	1,500	-	1,000	1,500
Treasurer's fee	10	10	10	10	9
Contingency	-	20,392	-	-	6,828
Emergency reserve (3%)	-	1,062	-	-	1,662
Total expenditures	<u>30,297</u>	<u>56,864</u>	<u>12,630</u>	<u>32,924</u>	<u>63,899</u>
Ending fund balance	<u>\$ 10,038</u>	<u>-</u>	<u>\$ 39,763</u>	<u>\$ 20,705</u>	<u>-</u>
Current Year Total		8,391,680			8,202,380
Current year TIF		<u>8,262,928</u>			<u>8,086,004</u>
Assessed valuation		<u>128,752</u>			<u>116,376</u>
Mill Levy		<u>5.000</u>			<u>5.000</u>

Highlands Metropolitan District No. 2
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimate <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 11,832	-	\$ -	\$ -	-
Revenues:					
Interest income	1	-	-	-	-
Total revenues	1	-	-	-	-
Total funds available	11,833	-	-	-	-
Expenditures:					
Capital expenditures	-	-	-	-	-
Transfer to Debt Service	11,833	-	-	-	-
Total expenditures	11,833	-	-	-	-
Ending fund balance	\$ -	-	\$ -	\$ -	-

Highlands Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2023

	<u>Actual 2021</u>	<u>Adopted Budget 2022</u>	<u>Actual 6/30/2022</u>	<u>Estimate 2022</u>	<u>Adopted Budget 2023</u>
Beginning fund balance	\$ 1,066,812	8,686	\$ 8,629	\$ 8,629	12,260
Revenues:					
Property taxes	6,945	5,794	5,724	5,725	5,237
TIF	415,418	371,832	362,878	371,000	363,870
Specific ownership taxes	24,783	22,658	8,787	20,000	22,146
Loan proceeds	7,275,000	-	-	-	-
Other revenue	-	-	-	-	38,000
Development fees	-	-	-	-	-
Interest Income	439	500	84	10	500
Transfer from Capital Projects fund	11,833	-	-	-	-
Total revenues	<u>7,734,418</u>	<u>400,784</u>	<u>377,473</u>	<u>396,735</u>	<u>429,753</u>
Total funds available	<u>8,801,230</u>	<u>409,470</u>	<u>386,102</u>	<u>405,364</u>	<u>442,013</u>
Expenditures:					
Trustee fee	5,700	-	1,500	1,500	-
Treasurer's fees	107	87	87	86	79
Loan interest	144,918	241,518	120,428	241,518	236,469
Cost of issuance	230,295	-	-	-	-
Loan principal	100,000	150,000	-	150,000	155,000
Repay developer advances	350,000	-	-	-	-
Payment to refunding escrow	7,961,581	-	-	-	-
Total expenditures	<u>8,792,601</u>	<u>391,605</u>	<u>122,015</u>	<u>393,104</u>	<u>391,548</u>
Ending fund balance	<u>\$ 8,629</u>	<u>17,865</u>	<u>\$ 264,087</u>	<u>\$ 12,260</u>	<u>50,465</u>
Current Year Total		8,391,680			8,202,380
Current year TIF		8,262,928			8,086,004
Assessed valuation		<u>128,752</u>			<u>116,376</u>
Mill Levy		<u>45.000</u>			<u>45.000</u>