

Highlands Metropolitan District #2
Financial Statements

December 31, 2020

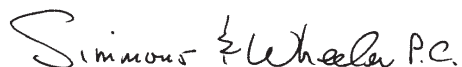
ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Highlands Metropolitan District #2

Management is responsible for the accompanying financial statements of each major fund of Highlands Metropolitan District #2, as of and for the period ended December 31, 2020, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements 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 these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Highlands Metropolitan District #2 because we performed certain accounting services that impaired our independence.

Handwritten signature of Simmons & Wheeler P.C.

February 17, 2021
Englewood, Colorado

Highlands Metropolitan District No. 2
Balance Sheet - Governmental Funds and Account Groups
December 31, 2020

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total All Funds</u>
Assets				
Current assets				
Cash in checking	\$ 28,816	\$ -	\$ -	\$ 28,816
Cash in Colotrust	58,675	-	-	58,675
Cash with Trustee	-	11,833	1,080,917	1,092,750
Accounts receivable - Taxes	<u>160</u>	<u>-</u>	<u>1,764</u>	<u>1,924</u>
	<u>87,651</u>	<u>11,833</u>	<u>1,082,681</u>	<u>1,182,165</u>
	<u><u>\$ 87,651</u></u>	<u><u>\$ 11,833</u></u>	<u><u>\$ 1,082,681</u></u>	<u><u>\$ 1,182,165</u></u>
Liabilities and Equity				
Current liabilities				
Accounts payable	\$ 16,099	\$ -	\$ 8,263	\$ 24,362
Payable to District 1 and 3	<u>74,969</u>	<u>-</u>	<u>-</u>	<u>74,969</u>
Total liabilities	<u>91,068</u>	<u>-</u>	<u>8,263</u>	<u>99,331</u>
Fund Equity				
Fund balance (deficit)	<u>(3,417)</u>	<u>11,833</u>	<u>1,074,418</u>	<u>1,082,834</u>
	<u>(3,417)</u>	<u>11,833</u>	<u>1,074,418</u>	<u>1,082,834</u>
	<u><u>\$ 87,651</u></u>	<u><u>\$ 11,833</u></u>	<u><u>\$ 1,082,681</u></u>	<u><u>\$ 1,182,165</u></u>

Highlands Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Year Ended December 31, 2020
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 693	\$ 691	\$ (2)
TIF	37,723	37,132	(591)
Specific ownership taxes	2,429	2,139	(290)
Interest income	<u>-</u>	<u>2,354</u>	<u>2,354</u>
	<u>40,845</u>	<u>42,316</u>	<u>1,471</u>
Expenditures			
Audit	4,500	4,400	100
Accounting	5,500	9,459	(3,959)
Insurance/SDA Dues	3,400	3,310	90
Legal	15,000	52,105	(37,105)
Miscellaneous	1,500	1,482	18
Treasurer's Fees	10	10	-
Contingency	33,532	-	33,532
Emergency reserve	<u>897</u>	<u>-</u>	<u>897</u>
	<u>64,339</u>	<u>70,766</u>	<u>(6,427)</u>
Excess (deficiency) of revenues over expenditures	(23,494)	(28,450)	(4,956)
Fund balance - beginning	<u>23,494</u>	<u>25,033</u>	<u>1,539</u>
Fund balance - ending	<u>\$ -</u>	<u>(3,417)</u>	<u>(3,417)</u>

Highlands Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Year Ended December 31, 2020
Capital Projects Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 10,000	\$ 3,446	\$ (6,554)
	<u>10,000</u>	<u>3,446</u>	<u>(6,554)</u>
Expenditures			
Capital Expenditures	<u>767,136</u>	<u>752,365</u>	<u>14,771</u>
	<u>767,136</u>	<u>752,365</u>	<u>14,771</u>
Excess (deficiency) of revenues over expenditures	(757,136)	(748,919)	8,217
Fund balance - beginning	<u>757,136</u>	<u>760,752</u>	<u>3,616</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 11,833</u>	<u>\$ 11,833</u>

Highlands Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Year Ended December 31, 2020
Debt Service Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 7,607	\$ 7,582	\$ (25)
TIF	413,961	407,484	(6,477)
Specific Ownership taxes	25,294	23,477	(1,817)
Development fees	15,000	-	(15,000)
Interest Income	<u>15,000</u>	<u>6,506</u>	<u>(8,494)</u>
	<u>476,862</u>	<u>445,049</u>	<u>(31,813)</u>
Expenditures			
Trustee Fee	6,000	7,800	(1,800)
Treasurer's fees	117	115	2
Bond Interest	301,350	301,350	-
Sub bond interest	-	254,131	(254,131)
Cost of issuance	<u>-</u>	<u>7,360</u>	<u>(7,360)</u>
	<u>307,467</u>	<u>570,756</u>	<u>(263,289)</u>
Excess (deficiency) of revenues over expenditures	169,395	(125,707)	(295,102)
Fund balance - beginning	<u>1,180,425</u>	<u>1,200,125</u>	<u>19,700</u>
Fund balance - ending	<u>\$ 1,349,820</u>	<u>\$ 1,074,418</u>	<u>\$ (275,402)</u>