

HIGHLANDS METROPOLITAN DISTRICT NO. 1

2020 ANNUAL REPORT

Pursuant to the Amended and Restated Service Plan of Highlands Metropolitan District No. 1 (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.

The District did not have any boundary changes in 2020.

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

There were no new intergovernmental agreements with other governmental bodies entered into or proposed in 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.

There were no changes in the financial status of the District in 2020. A copy of the District’s 2021 Budget and the Resolution Amending the 2021 Budget are attached as **Exhibit A-1** and **Exhibit A-2**.

F. A summary of any litigation, which involves 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 as of December 31, 2020.

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

The District has no construction or development plans for 2021. All construction is being undertaken by the developer.

- H. Current assessed valuation in the District.

A copy of the Assessed Valuation in the District is attached hereto as **Exhibit B**. The 2020 assessed valuation is in the amount of \$2,836,010.

- 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-1
2021 Budget

HIGHLANDS METROPOLITAN DISTRICT NO. 1
2021
BUDGET MESSAGE

Attached please find a copy of the adopted 2021 budget for the Highlands Metropolitan District No. 1.

The Highlands Metropolitan District No. 1 has adopted budgets for three separate 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 account for the repayment of principal and interest 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 2021 will be developer advances and bond proceeds. The District intends to impose a 65.664 mill levy on the property within the District for 2021, which will be dedicated to the General Fund.

Highlands Metropolitan District No.1
Adopted Budget
General Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>7/31/2020</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ 52,602
Revenues:					
Property taxes	53	1,472	1,468	1,470	3,009
Tif to district	(52)	80,080	80,083	80,083	183,215
Specific ownership taxes	3	103	2,579	5,000	215
Developer advances	31,687	-	20,772	20,772	-
Other income	-	4,368	1	2	4,400
Total revenues	<u>31,691</u>	<u>86,023</u>	<u>104,903</u>	<u>107,327</u>	<u>190,839</u>
Total funds available	<u>31,691</u>	<u>86,023</u>	<u>104,903</u>	<u>107,327</u>	<u>243,441</u>
Expenditures:					
Audit	-	3,750	-	-	3,750
Accounting	4,452	3,000	3,324	7,000	7,000
Legal	20,733	25,000	35,385	45,000	45,000
Insurance & bonds	2,725	3,500	2,653	2,653	3,500
Miscellaneous	-	100	12	50	600
Planning and engineering	3,781	-	9,202	-	15,000
Treasurer's fee	-	22	22	22	45
Contingency	-	49,590	-	-	166,299
Emergency reserve (3%)	-	1,061	-	-	2,247
Total expenditures	<u>31,691</u>	<u>86,023</u>	<u>50,598</u>	<u>54,725</u>	<u>243,441</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,305</u>	<u>\$ 52,602</u>	<u>\$ -</u>
Current Year Total		1,241,950			2,836,010
Current year TIF		1,219,540			2,790,188
Assessed valuation		<u>\$ 22,410</u>			<u>\$ 45,822</u>
Mill Levy		<u>65.664</u>			<u>65.664</u>

Highlands Metropolitan District No.1
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2021

	Actual 2019	Adopted Budget 2020	Actual 7/31/2020	Estimate 2020	Adopted Budget 2021
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Bond proceeds	-	6,650,000	-	-	6,650,000
Bond proceeds subordinate	-	1,553,000	-	-	1,553,000
Total revenues	-	8,203,000	-	-	8,203,000
Total funds available	-	8,203,000	-	-	8,203,000
Expenditures:					
Issuance costs	-	479,590	-	-	479,590
Capital expenditures	-	6,662,125	-	-	6,662,125
Transfer to Debt Service	-	1,061,285	-	-	1,061,285
Total expenditures	-	8,203,000	-	-	8,203,000
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

Highlands Metropolitan District No.1
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>07/31/20</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Transfer from Capital Projects	-	1,061,285	-	-	1,061,285
Total revenues	-	1,061,285	-	-	1,061,285
Total funds available	-	1,061,285	-	-	1,061,285
Expenditures:					
Interest on 2019 A	-	349,125	-	-	349,125
Total expenditures	-	349,125	-	-	349,125
Ending fund balance	<u>\$ -</u>	<u>\$ 712,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,160</u>
Current Year Total		1,234,930			2,836,010
Current year TIF		<u>1,211,763</u>			2,790,188
Assessed valuation		<u>\$ 23,167</u>			<u>\$ 45,822</u>
Mill Levy		<u>-</u>			<u>-</u>

EXHIBIT A-2
Resolution Amending 2021 Budget

**HIGHLANDS METROPOLITAN DISTRICT NO. 1
RESOLUTION TO AMEND 2021 BUDGET**

WHEREAS, the Board of Directors of Highlands Metropolitan District No. 1 (the “**District**”) certifies that at a special meeting of the Board of Directors of the District held February 22, 2021, a public hearing was held regarding the 2021 amended budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for fiscal year 2021 as follows:

General Fund	\$243,441
Capital Project Fund	\$8,203,000
Debt Service Fund	\$329,125
and;	

WHEREAS, the necessity has arisen for additional expenditures by the District due to additional costs which could not have been reasonably anticipated at the time of adoption of the budget, requiring the expenditure of funds in excess of those appropriated for fiscal year 2021; and

WHEREAS, funds are available for such expenditure.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend the adopted budget for fiscal year 2021 as follows:

Capital Project Fund	\$20,200,000
Debt Service Fund	\$450,000

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the funds named above for the purpose stated, and that any ending fund balances shall be reserved for purposes of complying with Article X, Section 20 of the Colorado Constitution.

[Remainder of page intentionally left blank.]

ADOPTED this 22nd day of February, 2021.

**HIGHLANDS METROPOLITAN DISTRICT
NO. 1**



Jose-Luis Montiel (Feb 22, 2021 16:29 MST)

Officer of the District

ATTEST:



Kathryn Jewkes (Feb 24, 2021 15:07 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
CITY AND COUNTY OF BROOMFIELD
HIGHLANDS METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held via teleconference and physical location at FirstBank 1779 CO-7, Erie, CO 80516 on February 22, 2021, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 22nd day of February, 2021.



Kathryn Jewkes (Feb 24, 2021 15:07 MST)

Exhibit B
2020 Assessed Valuation

AMENDED CERTIFICATION OF VALUES

Name of Jurisdiction: HIGHLANDS METRO DISTRICT 1

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:	\$22,410
Current Year's Gross Total Assessed Valuation:	\$2,836,010
(-) Less TIF district increment, if any:	\$2,790,188
Current Year's Net Total Assessed Valuation:	\$45,822
New Construction*:	\$875,700
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.):	\$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 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*:	\$9,112,800
ADDITIONS TO TAXABLE REAL PROPERTY:	
Construction of taxable real property improvements**:	\$3,019,650
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