

HIGHLANDS METROPOLITAN DISTRICT NO. 1

2022 ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Amended and Restated Service Plan for Highlands Metropolitan District No. 1 (the “**District**”), the District is required to provide an annual report to the City and County of Broomfield, Colorado (“**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 and Service Plan 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.

There were no new intergovernmental agreements entered into or terminated in 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. Public improvements to serve the property within the District are being constructed by EVT 7th And Sheridan, LLC.

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 were conveyed or dedicated to Broomfield as of December 31, 2022. Public improvements to serve the property within the District are being constructed by EVT 7th And Sheridan, LLC.

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.

To our actual knowledge, 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 NO

City & County of **COUNTY ASSESSOR**

Date 11/18/2022

NAME OF TAX ENTITY: HIGHLANDS METRO DISTRICT 1 GENERAL LEVY

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.	\$ <u>67,773</u>
2.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$ <u>5,718,380</u>
3.	LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$ <u>5,637,247</u>
4.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$ <u>81,133</u>
5.	NEW CONSTRUCTION: *	5.	\$ <u>1,248,540</u>
6.	INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$ <u>0</u>
7.	ANNEXATIONS/INCLUSIONS:	7.	\$ <u>0</u>
8.	PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$ <u>0</u>
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.	\$ <u>0</u>
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.	\$ <u>\$0.00</u>
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.	\$ <u>\$0.00</u>

- ‡ 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. CONSTUTION 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.	\$ <u>17,889,350</u>
ADDITIONS TO TAXABLE REAL PROPERTY			
2.	CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: *	2.	\$ <u>4,305,310</u>
3.	ANNEXATIONS/INCLUSIONS:	3.	\$ <u>0</u>
4.	INCREASED MINING PRODUCTION: §	4.	\$ <u>0</u>
5.	PREVIOUSLY EXEMPT PROPERTY:	5.	\$ <u>0</u>
6.	OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$ <u>0</u>
7.	TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX 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.):	7.	\$ <u>0</u>

DELETIONS FROM TAXABLE REAL PROPERTY

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

- ¶ 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 **\$19,718,520**

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 ASSESSORDate 11/18/2022NAME OF TAX ENTITY: HIGHLANDS METRO DISTRICT 1 BOND LEVY

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

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

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TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY \$19,718,520

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

HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** \$15,976

*** 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.

EXHIBIT B
2023 Budget

HIGHLANDS METROPOLITAN DISTRICT NO. 1
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 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 2023 will be tax revenue. The district intends to impose a 50.000 mill levy on the 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.1
Adopted Budget
General Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>3/31/2022</u>	Estimate <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 63,610	\$ 197,313	\$ 207,094	\$ 207,094	\$ 184,568
Revenues:					
Property taxes	3,016	339	272	339	406
Tif to district	180,410	21,421	10,006	21,400	27,763
Specific ownership taxes	4,790	28	263	500	32
Other income	<u>23</u>	<u>32</u>	<u>76</u>	<u>100</u>	<u>32</u>
Total revenues	<u>188,239</u>	<u>21,820</u>	<u>10,617</u>	<u>22,339</u>	<u>28,233</u>
Total funds available	<u>251,849</u>	<u>219,133</u>	<u>217,711</u>	<u>229,433</u>	<u>212,801</u>
Expenditures:					
Audit	5,000	5,000	-	5,000	5,000
Accounting	12,306	7,000	1,713	7,000	7,000
Legal	22,861	25,000	7,137	25,000	25,000
Election	-	5,000	-	5,000	5,000
Insurance & bonds	2,960	3,500	2,636	2,653	3,500
Miscellaneous	1,583	600	210	210	600
Treasurer's fee	45	5	2	2	6
Contingency	-	171,645	-	-	165,312
Emergency reserve (3%)	<u>-</u>	<u>1,383</u>	<u>-</u>	<u>-</u>	<u>1,383</u>
Total expenditures	<u>44,755</u>	<u>219,133</u>	<u>11,698</u>	<u>44,865</u>	<u>212,801</u>
Ending fund balance	<u>\$ 207,094</u>	<u>\$ -</u>	<u>\$ 206,013</u>	<u>\$ 184,568</u>	<u>\$ -</u>
Current Year Total		4,417,270			5,718,380
Current year TIF		4,349,497			5,637,247
Assessed valuation		<u>\$ 67,773</u>			<u>\$ 81,133</u>
Mill Levy		<u>5.000</u>			<u>5.000</u>

Highlands Metropolitan District No.1
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2023

	Actual 2021	Adopted Budget 2022	Actual 3/31/2022	Estimate 2022	Adopted Budget 2023
Beginning fund balance	\$ 81,533	\$ -	\$ 1,114,330	\$ 1,114,330	\$ 1,114,830
Revenues:					
Interest income	330	-	380	500	-
Developer advances	1,576,150	-	-	-	-
Bond proceeds	10,025,000	-	-	-	-
Bond proceeds subordinate	203,083	-	-	-	-
Total revenues	<u>11,804,563</u>	<u>-</u>	<u>380</u>	<u>500</u>	<u>-</u>
Total funds available	<u>11,886,096</u>	<u>-</u>	<u>1,114,710</u>	<u>1,114,830</u>	<u>1,114,830</u>
Expenditures:					
Issuance costs	585,520	-	-	-	-
Capital expenditures	1,576,150	-	-	-	1,114,830
Repay developer advances	6,341,556	-	-	-	-
Repay developer advances - Vista	983,604	-	-	-	-
Transfer to Debt Service	1,284,936	-	-	-	-
Total expenditures	<u>10,771,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114,830</u>
Ending fund balance	<u>\$ 1,114,330</u>	<u>\$ -</u>	<u>\$ 1,114,710</u>	<u>\$ 1,114,830</u>	<u>\$ -</u>

Highlands Metropolitan District No.1
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>03/31/22</u>	Estimate <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ -	\$ 1,100,641	\$ 1,103,918	\$ 1,103,918	\$ 795,522
Revenues:					
Property taxes	-	3,050	1,562	3,050	3,651
TIF	-	192,791	90,053	189,775	249,871
Specific ownership taxes	-	214	2,369	8,000	256
Sales Tax	143,400	153,185	39,027	153,000	153,185
Interest income	377	-	369	500	-
Transfer from Capital Projects	<u>1,284,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,428,713</u>	<u>153,185</u>	<u>39,396</u>	<u>153,500</u>	<u>153,185</u>
Total funds available	<u>1,428,713</u>	<u>1,253,826</u>	<u>1,143,314</u>	<u>1,257,418</u>	<u>948,707</u>
Expenditures:					
Interest	319,795	456,850	-	456,850	456,850
Principal	-	-	-	-	35,000
Trustee Fees	5,000	5,000	-	5,000	5,000
Treasurer fees	<u>-</u>	<u>46</u>	<u>23</u>	<u>46</u>	<u>55</u>
Total expenditures	<u>324,795</u>	<u>461,896</u>	<u>23</u>	<u>461,896</u>	<u>496,905</u>
Ending fund balance	<u>\$ 1,103,918</u>	<u>\$ 791,930</u>	<u>\$ 1,143,291</u>	<u>\$ 795,522</u>	<u>\$ 451,802</u>
Current Year Total		4,417,270			5,718,380
Current year TIF		<u>4,349,497</u>			<u>5,637,247</u>
Assessed valuation		<u>\$ 67,773</u>			<u>\$ 81,133</u>
Mill Levy		<u>45.000</u>			<u>45.000</u>