

HIGHLANDS METROPOLITAN DISTRICT NO. 3

2020 ANNUAL REPORT

Pursuant to the Service Plan of Highlands Metropolitan District No. 3 (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 the District and Highlands Metropolitan District No. 2, dated April 14, 2020.
- Escrow Agreement by and between the District, Highlands Metropolitan District No. 2, 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, 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 continues to be undertaken by the developer.

H. Current assessed valuation in the District.

The 2020 assessed valuation is attached hereto as **Exhibit B.**

EXHIBIT A
2021 Budget

HIGHLANDS METROPOLITAN DISTRICT NO. 3
2021
BUDGET MESSAGE

Attached please find a copy of the adopted 2021 budget for Highlands Metropolitan District No. 3.

The Highlands Metropolitan District No. 3 has adopted a budget for two funds, a General Fund to provide for the payment of general operating expenditures; and a Capital Projects Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the District.

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. The District intends to impose a 55.664 mill levy on the property within the District for 2021, which will be dedicated to the General Fund.

Highlands Metropolitan District No.3
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	\$ -	-	\$ 1,814	\$ 1,814	17
Revenues:					
Property taxes	-	6	6	6	6
TIF	-	325	404	404	346
Specific ownership taxes	4	4	10	15	4
Developer advances	25,903	44,665	23,815	28,000	54,627
Interest income	1	-	1	1	-
	<u>25,908</u>	<u>45,000</u>	<u>24,236</u>	<u>28,426</u>	<u>54,983</u>
Total revenues					
	<u>25,908</u>	<u>45,000</u>	<u>26,050</u>	<u>30,240</u>	<u>55,000</u>
Total funds available					
	<u>25,908</u>	<u>45,000</u>	<u>26,050</u>	<u>30,240</u>	<u>55,000</u>
Expenditures:					
Accounting	3,117	10,000	2,164	4,500	10,000
Legal	16,548	15,000	12,574	15,000	15,000
Legal - BURA	-	-	6,408	6,408	-
Insurance & bonds	3,108	2,500	2,815	2,815	3,000
Miscellaneous	1,321	825	762	1,500	1,500
Contingency	-	15,825	-	-	24,615
Emergency reserve (3%)	-	850	-	-	885
	<u>24,094</u>	<u>45,000</u>	<u>24,723</u>	<u>30,223</u>	<u>55,000</u>
Total expenditures					
	<u>24,094</u>	<u>45,000</u>	<u>24,723</u>	<u>30,223</u>	<u>55,000</u>
Ending fund balance	<u>\$ 1,814</u>	<u>-</u>	<u>\$ 1,327</u>	<u>\$ 17</u>	<u>-</u>
Current Year Total		5,950			6,320
Current year TIF		<u>5,843</u>			<u>6,218</u>
Assessed valuation		<u>107</u>			<u>102</u>
Mill Levy		<u>55.664</u>			<u>55.664</u>

Highlands Metropolitan District No.3
Adopted Budget
Capital Projects 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	\$ -	-	\$ -	-	-
Revenues:					
Developer advances	-	-	-	-	<u>8,000,000</u>
Total revenues	-	-	-	-	<u>8,000,000</u>
Total funds available	-	-	-	-	<u>8,000,000</u>
Expenditures:					
Capital expenditures	-	-	-	-	<u>8,000,000</u>
Total expenditures	-	-	-	-	<u>8,000,000</u>
Ending fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

EXHIBIT B
2020 Assessed Valuation

AMENDED CERTIFICATION OF VALUES

Name of Jurisdiction: HIGHLANDS METRO DIST 3

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:	\$107
Current Year's Gross Total Assessed Valuation:	\$6,320
(-) Less TIF district increment, if any:	\$6,218
Current Year's Net Total Assessed Valuation:	\$102
New Construction*:	\$0
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*:	\$3,980
ADDITIONS TO TAXABLE REAL PROPERTY:	
Construction of taxable real property improvements**:	\$0
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