

**HIGHLANDS-MEAD METROPOLITAN DISTRICT
TOWN OF MEAD, COLORADO**

2021 ANNUAL REPORT

Pursuant to the Service Plan for Highlands-Mead Metropolitan District (the “District”), the District is required to submit an annual report to the Town of Mead, Colorado (the “Town”) which reflects activity and financial events of the District.

To the best of our actual knowledge, for the year ending December 31, 2021, the District makes the following report:

1. Boundary changes made to the District’s boundary as of December 31 of the prior year:

There were no boundary adjustments made or proposed as of December 31, 2021.

2. Intergovernmental Agreements with other governmental entities entered into as of December 31 of the prior year:

The District did not enter into any Intergovernmental Agreements with other governmental entities during the report year.

3. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town or other governmental entity as of December 31 of the prior year:

There have been no facilities or improvements constructed by the District as of December 31, 2021.

4. The assessed valuation of the District for the current year:

The District’s preliminary assessed valuation for 2022 is attached hereto as **Exhibit A**.

5. Current year budget including a description of the Public Improvements to be constructed in such year:

The 2022 Budget for the District is attached hereto as **Exhibit B**.

6. Audit of the District’s financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if required by law:

A copy of the District’s 2021 Audit is attached hereto as **Exhibit C**.

7. Notice of any uncured events of default by the District under any Debt instrument. Which continue beyond a ninety (90) day period:

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

8. Summary of any litigation where the District is a party (including a list of the parties or anticipated parties, claims or anticipated claims, etc.):

To our actual knowledge, based on a review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts as of December 31, 2021.

Remainder of page intentionally left blank.

EXHIBIT A
2022 Preliminary Assessed Valuation

CERTIFICATION OF VALUATION BY WELD COUNTY ASSESSOR

Name of Jurisdiction: 1666 - HIGHLANDS MEAD METRO DISTRICT

IN WELD COUNTY ON 8/18/2022

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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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 IN WELD COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$1,032,130
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$2,230,590
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$2,230,590
5. NEW CONSTRUCTION: **	\$867,640
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$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.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$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.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN WELD COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$25,911,854
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$12,484,297
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(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:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. 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 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 : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$7,742
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** 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 f(3). C.R.S.

EXHIBIT B
2022 Budget

HIGHLANDS MEAD METROPOLITAN DISTRICT

Via email – dlq-filing@state.co.us

January 22, 2022

Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Highlands Mead Metropolitan District

LG ID# 67162

Attached is the 2022 Budget for the Highlands Mead Metropolitan District in Weld County, Colorado, submitted pursuant to Section 29-1-116, C.R.S. This Budget was adopted on October 25, 2021. If there are any questions on the budget, please contact Mr. Eric Weaver, telephone number 970-926-6060 Ext. 6.

The mill levy certified to the County Commissioners of Weld County is 10.000 mills for all general operating purposes, subject to statutory and/or TABOR limitations; 50.000 mills for G.O. bonds; 3.000 mills for contractual obligations; 0.000 mills for refund/abatement; and 0.000 mills for Temporary Tax Credit/Mill Levy Reduction. Based on an assessed valuation of \$1,032,130, the total property tax revenue is \$65,024.19. A copy of the certification of mill levies sent to the County Commissioners for Weld County is enclosed.

I hereby certify that the enclosed is a true and accurate copy of the budget and certification of tax levies to the Board of County Commissioners of Weld County, Colorado.

Sincerely,



Eric Weaver
District Accountant

Enclosure(s)

Financial Management Provided By Marchetti & Weaver, LLC

Mountain Office
28 Second Street, Suite 213
Edwards, CO 81632
(970) 926-6060

Website & Email
www.mwcpaa.com
Admin@mwcpaa.com

Front Range Office
245 Century Circle, Suite 103
Louisville, CO 80027
(720) 210-9136

RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS

(2022)

The Board of Directors of Highlands-Mead Metropolitan District (the “**Board**”), Town of Mead, Weld County, Colorado (the “**District**”) held a special meeting via teleconference on Monday, October 25, 2021, at the hour of 10:00 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE OF PUBLIC HEARING ON THE AMENDED 2021 BUDGET
AND
NOTICE OF PUBLIC HEARING ON THE PROPOSED 2022 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the HIGHLANDS-MEAD METROPOLITAN DISTRICT (the "District"), will hold a meeting via teleconference on Monday, October 25, 2021 at 10:00 A.M., for the purpose of conducting such business as may come before the Board including a public hearing on the 2021 amended budget (the "Amended Budget") and the 2022 proposed budget (the "Proposed Budget"). This meeting can be joined using the following teleconference information:
<https://us06web.zoom.us/j/89627835682>
Meeting ID 896 2783 5682
By telephone: 720-707-2699

NOTICE IS FURTHER GIVEN that the Amended Budget and the Proposed Budget have been submitted to the District. A copy of the Amended Budget and the Proposed Budget are on file in the office of Marchetti & Weaver, 245 Century Circle, Suite 103, Louisville, Colorado, where the same is open for public inspection. Any interested elector of the District may file any objections to the Amended Budget and the Proposed Budget at any time prior to final adoption of the Amended Budget and the Proposed Budget by the Board. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARD OF DIRECTORS:
HIGHLANDS-MEAD METROPOLITAN DISTRICT

/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Published: Longmont Times Call October 15, 2021-1839177

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

County of Boulder
State of Colorado

The undersigned, Melissa Najera, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Longmont Times Call*.
2. The *Longmont Times Call* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Longmont Times Call* in Boulder County on the following date(s):

Oct 15, 2021

Melissa Najera
Signature

Subscribed and sworn to me before me this
15th day of October 2021

Shayla Najera
Notary Public

(SEAL)

SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025

Account: 1110255
Ad Number: 1839177
Fee: \$32.77

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2022 AND ENDING ON THE LAST DAY OF DECEMBER 2022.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 25, 2021, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2022. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2022 budget year, there is hereby levied a tax of 10.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2022 budget year, there is hereby levied a tax of

50.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2022 budget year, there is hereby levied a tax of 3.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2022 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Weld County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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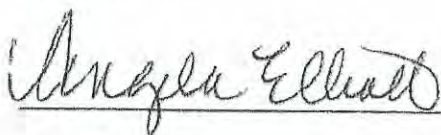
ADOPTED THIS 25TH DAY OF OCTOBER, 2021.

HIGHLANDS-MEAD METROPOLITAN DISTRICT



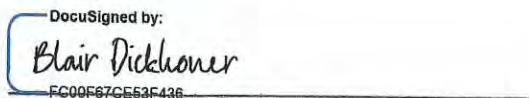
Officer of the District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

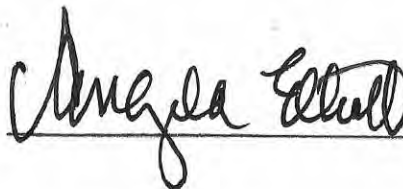
DocuSigned by:

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General Counsel to the District

STATE OF COLORADO
COUNTY OF WELD
HIGHLANDS-MEAD METROPOLITAN DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Monday, October 25, 2021, via teleconference, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of October, 2021.



HIGHLANDS-MEAD METROPOLITAN DISTRICT

2022

BUDGET MESSAGE

Highlands-Mead Metropolitan District is quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act.

The District has no employees and all operations and administrative functions are contracted.

The following budget is prepared using the modified accrual basis of accounting and has been adopted after proper postings, publications and public hearing.

BUDGET STRATEGY

The District was formed to provide for all or part of the Public Improvements, as defined in the district's Service Plan, for the use and benefit of all anticipated inhabitants and taxpayers of the district. The primary purpose of the district is to finance the construction and/or acquisition of these Public Improvements.

REVENUE

The primary sources of revenue for the district in 2022 are as follows: 1) The District has imposed a 63.000 mill levy on all property within the District for 2022. 13.000 mills is assessed for General Fund expenditures, 3.000 mills of which is required to be pledged to the Town, with the remaining 50.000 mills allocated to the Debt Service Fund to generate revenue to repay debt service on bonds issued by the district in 2020 to fund the construction and/or acquisition of public infrastructure and water shares and; 2) Operations Fees in the amount of \$190 per quarter for each residence within the District.

EXPENDITURES

The district has adopted four separate funds, a General Fund to provide for administrative and operating expenditures; an Operations Fund to account for community operations; a Debt Service Fund to provide for payments on the General Obligation Bonds; and a Capital Projects fund to account for the construction and/or acquisition of public infrastructure and water shares as provided for in the service plan.

Highlands-Mead Metropolitan District
Statement of Net Position
September 30, 2021

	General Fund	Operations Fund	Debt Service Fund	Capital Fund	Fixed Assets & LTD	Total
ASSETS						
CASH						
Great Western Bank Checking	35,251					35,251
UMB Bank - Bond/Capital Int Acct 2020A			476,270			476,270
UMB Bank - Surplus Fund 2020A			332,374			332,374
UMB Bank - Bond Payment Fund 2020B			-			-
UMB Bank - Project Fund 2020A				14		14
UMB Bank - Project Fund 2020B				5		5
UMB Bank - Restricted Project 2020A				755,652		755,652
UMB Bank - Restricted Project 2020B				93,031		93,031
Pooled Cash	(13,527)	-	13,508	19		(0)
TOTAL CASH	21,724	-	822,152	848,722	-	1,692,598
OTHER CURRENT ASSETS						
Due From County Treasurer	-		-			-
Property Tax Receivable	(0)		-			(0)
Accounts Receivable	-		-			-
Prepaid Expense	-		-			-
TOTAL OTHER CURRENT ASSETS	(0)	-	-	-	-	(0)
FIXED ASSETS						
Construction in Progress					-	-
TOTAL FIXED ASSETS	-	-	-	-	-	-
TOTAL ASSETS	21,724	-	822,152	848,722	-	1,692,598
LIABILITIES & DEFERED INFLOWS						
CURRENT LIABILITIES						
Accounts Payable	21,761		-	-		21,761
Due To Town of Mead	785					785
TOTAL CURRENT LIABILITIES	22,546	-	-	-	-	22,546
DEFERRED INFLOWS						
Deferred Property Taxes	(0)		-			(0)
TOTAL DEFERRED INFLOWS	(0)	-	-	-	-	(0)
LONG-TERM LIABILITIES						
Bonds Payable - Series 2020A					4,185,000	4,185,000
Bonds Payable - Series 2020B					515,000	515,000
Developer Payable- Operations					88,550	88,550
Developer Payable- Capital					1,758,745	1,758,745
Accrued Interest- Developer Advances					91,045	91,045
Accrued Interest- Bonds					33,314	33,314
TOTAL LONG-TERM LIABILITIES	-	-	-	-	6,671,655	6,671,655
TOTAL LIAB & DEF INFLOWS	22,545	-	-	-	6,671,655	6,694,200
NET POSITION						
Inv in Capital Assets					-	-
Amount to be Provided for Debt					(6,671,655)	(6,671,655)
Fund Balance- Non-Spendable	-	-				-
Fund Balance- Restricted	1,246	-	822,152	848,722		1,672,120
Fund Balance- Unassigned	(2,067)	-				(2,067)
TOTAL NET POSITION	(821)	-	822,152	848,722	(6,671,655)	(5,001,603)
	=	=	=	=	=	=

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Highlands-Mead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/22/2022

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Positive (Negative)	2022 Adopted Budget	Budget Notes/Assumptions
PROPERTY TAXES									
Total Assessed Valuation	12,780	252,680	252,680	252,680				1,032,130	Final AV
Mill Levy - Operations	13.000	10.000	10.000	10.000				10.000	10 Mills for District
Mill Levy - Contractual	0.000	3.000	3.000	3.000				3.000	3 Mills for Town
Mill Levy - Debt Service Fund	50.000	50.000	50.000	50.000				50.000	50 Mills, Adjusted From 7.15% Rate
Total Mill Levy	63.000	63.000	63.000	63.000				63.000	
Property Tax Revenue - Operations	166	2,527	2,527	2,527				10,321	AV * Mills / 1,000
Property Tax Revenue - Contractual	-	758	758	758				3,096	AV * Mills / 1,000
Property Tax Revenue - Debt Service Fund	639	12,634	12,634	12,634				51,607	AV * Mills / 1,000
Total Property Taxes	805	15,919	15,919	15,919				65,024	

Highlands-Mead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/22/2022

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Positive (Negative)	2022 Adopted Budget	Budget Notes/Assumptions
COMBINED FUNDS									
REVENUE									
Property Taxes	805	15,919	15,919	15,919	15,920	15,919	1	65,024	50 Mills Debt + 10 Ops + 3 Town
Specific Ownership Taxes	38	910	910	910	532	619	(87)	3,716	6% of Property Taxes
Interest & Other Income	2,548	2,000	2,000	1,500	1,082	1,500	(418)	1,200	Interest Earnings on Bond Reserves
Operations Fees	-	-	4,950	4,950	-	-	-	55,860	Increase From \$170 To \$180 Per Quarter
TOTAL REVENUE	3,392	18,828	23,778	23,278	17,533	18,038	(505)	125,800	
EXPENDITURES									
Administration									
Accounting, Legal, Management, & Audit	48,342	71,000	73,334	58,134	33,842	51,000	17,158	71,596	Combined General & Operations Fund
Insurance, SDA Dues, Misc Other	2,349	5,000	5,000	5,683	4,690	4,500	(190)	8,853	Combined General & Operations Fund
Treasurer's Fees	12	239	239	239	239	179	(60)	975	1.5% of Property Taxes
Operations									
Snow Removal	-	5,000	5,000	3,500	-	3,750	3,750	15,000	Now in Operations Fund
Landscape Maintenance & Replacements	-	5,000	5,000	5,000	-	3,750	3,750	41,000	Now in Operations Fund
Trash Removal	330	2,000	5,280	5,280	2,553	1,500	(1,053)	14,535	Now in Operations Fund
Utilities - Water, Gas & Electric	-	5,000	-	-	-	3,750	3,750	25,000	Now in Operations Fund
Contingency	-	25,000	22,000	10,000	-	18,750	18,750	15,000	Allowance For Unforeseen Needs
Debt Service									
Bond Interest	65,536	214,481	214,481	214,481	107,241	107,241	(0)	214,481	Per Amortization Schedule
Bond Principal	-	-	-	-	-	-	-	-	Per Amortization Schedule
Trustee Administrative Fee	40	3,250	3,250	3,250	77	2,438	2,361	3,250	Annual and monthly fee
Debt Issuance Expense & Trustee Fees	380,655	-	-	-	-	-	-	-	
Contingency	-	10,000	10,000	-	-	-	-	-	Allowance for Unforeseen Needs
Capital Outlay									
	3,820,156	20,202,480	20,202,480	-	171	20,202,390	20,202,219	17,679,680	Infrastructure and Additional Water Shares
TOTAL EXPENDITURES	4,317,419	20,548,450	20,546,064	305,567	148,812	20,399,247	20,250,435	18,089,371	
REVENUE OVER / (UNDER) EXPENDITURES	(4,314,028)	(20,529,621)	(20,522,286)	(282,289)	(131,279)	(20,381,209)	20,249,930	(17,963,572)	
OTHER SOURCES / (USES)									
Transfers to Town	(38)	(747)	(747)	(747)	(747)	(560)	(187)	(3,050)	3 Mills, net of treasurers fee
Developer Advances	3,863,550	17,800,380	17,800,380	96,000	45,000	17,769,380	(17,724,380)	17,804,680	General & Capital Fund Shortfalls
Developer Advance Repayments	(816,102)	-	-	(1,676,035)	(1,676,305)	-	(1,676,305)	(849,944)	
Bond Proceeds	4,700,000	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	7,747,410	17,799,633	17,799,633	(1,580,782)	(1,632,052)	17,768,820	(19,400,871)	16,951,686	
CHANGE IN FUND BALANCE	3,433,383	(2,729,988)	(2,722,652)	(1,863,070)	(1,763,330)	(2,612,389)	849,059	(1,011,886)	
BEGINNING FUND BALANCE	-	3,439,194	3,429,189	3,433,383	3,433,383	3,439,194	(5,811)	1,570,313	
ENDING FUND BALANCE	3,433,383	709,206	706,537	1,570,313	1,670,052	826,805	843,248	558,427	
COMPONENTS OF FUND BALANCE	=	=	=	=	=	=	=	=	
Non-Spendable	-	3,150	3,000	2,609	-	-	-	2,739	Prepaid Insurance
TABOR Emergency Reserve	-	3,541	1,816	1,246	1,246	-	-	1,471	3% of operating expenditures
Restricted For Operations	-	-	-	-	-	-	-	-	
Restricted For Debt Service	916,240	697,897	697,897	712,211	822,152	-	-	549,109	Surplus, Cap I, and Bond Payment Funds
Restricted For Capital Projects	2,524,479	-	(0)	849,444	848,722	-	-	-	
Unassigned	(7,337)	4,618	3,823	4,802	(2,067)	-	-	5,108	
TOTAL ENDING FUND BALANCE	3,433,383	709,206	706,537	1,570,313	1,670,052	826,805	843,248	558,427	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Highlands-Mead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/22/2022

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Positive (Negative)	2022 Adopted Budget	Budget Notes/Assumptions
GENERAL FUND									
REVENUE									
Property taxes - Operations	166	2,527	2,527	2,527	2,527	2,527	0	10,321	10 Mills for District
Property taxes - Contractual	-	758	758	758	758	758	0	3,096	3 Mills for Town
Specific Ownership Taxes	8	152	152	152	110	114	(4)	619	6% of Property Taxes
Interest Income	0	-	-	-	1	-	1	-	
TOTAL REVENUE	174	3,436	3,436	3,436	3,396	3,399	(2)	14,037	
EXPENDITURES - GENERAL									
Administration									
Accounting	15,619	25,000	12,500	12,500	7,166	15,000	7,834	12,875	Split 50/50 General & Operation Funds
Audit	-	6,000	6,000	5,800	5,800	6,000	200	5,800	Based on 2022 Engagement Letter
District Management	900	5,000	2,500	2,500	1,500	3,750	2,250	6,000	Split 50/50 General & Operation Funds
Elections	168	-	-	-	-	-	-	3,000	Assume Canceled
Legal	31,655	35,000	17,500	10,000	5,355	26,250	20,895	10,300	Split 50/50 General & Operation Funds
Insurance & SDA Dues	1,442	3,000	3,000	2,533	2,533	3,000	467	2,609	D&O, Liability, and other coverages + SDA Dues
Office Supplies, Bank & Biil.com Fees, Other	907	2,000	2,000	2,400	2,157	1,500	(657)	2,472	Checks, fees, misc other
Treasurer's fees - Operations	2	38	38	38	38	28	(9)	155	1.5% of Property Taxes
Treasurer's fees - Contractual	-	11	11	11	11	9	(3)	46	1.5% of Property Taxes
Website	-	-	-	750	-	-	-	773	Based on 2021 Forecast
Contingency	-	25,000	17,000	5,000	-	18,750	18,750	5,000	Allowance For Unforeseen Needs
Operations									
Snow Removal	-	5,000	-	-	-	3,750	3,750	-	Now in Operations Fund
Park Landscape Maintenance	-	5,000	-	-	-	3,750	3,750	-	Now in Operations Fund
Trash Removal	330	2,000	-	-	-	1,500	1,500	-	Now in Operations Fund
Utilities - Water, Gas & Electric	-	5,000	-	-	-	3,750	3,750	-	Now in Operations Fund
TOTAL EXPENDITURES	51,023	118,049	60,549	41,532	24,561	87,037	62,476	49,030	
REVENUE OVER / (UNDER) EXPENDITURES	(50,849)	(114,613)	(57,113)	(38,096)	(21,164)	(83,638)	62,474	(34,993)	
OTHER SOURCES / (USES)									
Transfers In/(Out)	-	-	(50,164)	(41,164)	(16,574)	-	(16,574)	(86,296)	Subsidy to Operations Fund
Transfers to Town	(38)	(747)	(747)	(747)	(747)	(560)	(187)	(3,050)	3 Mills, net of treasurers fee
Developer Advance Repayments	-	-	-	-	-	-	-	-	Once Excess Funds Are Available
Developer Advances	43,550	124,000	124,000	96,000	45,000	93,000	(48,000)	125,000	To cover shortfall and fund small reserve
TOTAL OTHER SOURCES / (USES)	43,512	123,253	73,089	54,089	27,680	92,440	(64,760)	35,654	
CHANGE IN FUND BALANCE	(7,337)	8,641	15,977	15,994	6,515	8,802	(2,286)	661	
BEGINNING FUND BALANCE	-	2,669	(7,337)	(7,337)	(7,337)	2,669	(10,005)	8,657	
ENDING FUND BALANCE	(7,337)	11,309	8,640	8,657	(821)	11,470	(12,292)	9,318	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Highlands-Mead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/22/2022

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Positive (Negative)	2022 Adopted Budget	Budget Notes/Assumptions
OPERATIONS FUND									
Beginning # of CO's	-		12	12				43	
CO's Issued During Year	12		31	31				61	Assume Fully Built Out By End of 2022
Ending # of CO's	12		43	43				104	
Quarterly Fee Per Unit			180	180				190	3% Increase Beginning in 2023
REVENUE									
Operations Fees		-	4,950	4,950	-			55,860	Increase From \$170 To \$180 Per Quarter
TOTAL REVENUE	-	-	4,950	4,950	-	-	-	55,860	
EXPENDITURES - OPERATIONS									
Administration									
Accounting		-	12,500	12,500	7,166	-	(7,166)	12,875	Split 50/50 General & Operation Funds
District Management		-	2,500	2,500	1,500	-	(1,500)	6,000	Split 50/50 General & Operation Funds
Legal		-	17,500	10,000	5,355	-	(5,355)	10,300	Split 50/50 General & Operation Funds
Legal- Collections		-	990	990	-	-	-	2,646	Assume \$3 per unit per month
Billing Fees		-	1,344	1,344	-	-	-	1,800	Estimated Billing Costs
Insurance		-	-	-	-	-	-	3,000	Allowance For Property Coverage
Snow Removal		-	5,000	3,500	-	-	-	15,000	Preliminary Estimate
Park Landscape Maintenance		-	5,000	5,000	-	-	-	36,000	Preliminary Estimate
Tree & Shrub Replacements		-	-	-	-	-	-	5,000	Annual Replacements
Utilities - Water, Gas & Electric		-	-	-	-	-	-	25,000	Preliminary Estimate
Trash Removal		-	5,280	5,280	2,553	-	(2,553)	14,535	\$16 Per Unit Per Month + 3%
Miscellaneous		-	-	-	-	-	-	-	
Contingency		-	5,000	5,000	-	-	-	10,000	Allowance For Unforeseen Needs
TOTAL EXPENDITURES	-	-	55,114	46,114	16,574	-	(16,574)	142,156	
REVENUE OVER / (UNDER) EXPENDITURES	-	-	(50,164)	(41,164)	(16,574)	-	(16,574)	(86,296)	
OTHER SOURCES / (USES)									
Transfer From General Fund	-	-	50,164	41,164	16,574	-	16,574	86,296	
TOTAL OTHER SOURCES / (USES)	-	-	50,164	41,164	16,574	-	16,574	86,296	
CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	
BEGINNING FUND BALANCE	-	-	-	-	-	-	-	-	
ENDING FUND BALANCE	-	-	-	-	-	-	-	-	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Highlands-Mead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/22/2022

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Positive (Negative)	2022 Adopted Budget	Budget Notes/Assumptions
DEBT SERVICE FUND									
REVENUE									
Property Taxes	639	12,634	12,634	12,634	12,635	12,634	1	51,607	50 Mills, Adjusted From 7.15% Rate 6% of Property Taxes Interest Earnings on Bond Reserves
Specific Ownership Taxes	30	758	758	758	422	505	(84)	3,096	
Interest Income	713	1,000	1,000	500	363	750	(387)	700	
TOTAL REVENUE	1,382	14,392	14,392	13,892	13,419	13,889	(470)	55,403	
EXPENDITURES									
Treasurer's Fees	10	190	190	190	190	142	(47)	774	1.5% of Property Taxes Per Amortization Schedule
Bond Principal- Series 2020A	-	-	-	-	-	-	-	-	
Bond Interest- Series 2020A	65,536	214,481	214,481	214,481	107,241	107,241	(0)	214,481	Per Amortization Schedule
Bond Principal- Series 2020B	-	-	-	-	-	-	-	-	Not Until Surplus Reaches \$837K Not Until Surplus Reaches \$837K
Bond Interest- Series 2020B	-	-	-	-	-	-	-	-	
Paying Agent / Trustee Fees	40	3,250	3,250	3,250	77	2,438	2,361	3,250	Annual and monthly fee
Debt Issuance Expense	380,655	-	-	-	-	-	-	-	Allowance for Unforeseen Needs
Contingency	-	10,000	10,000	-	-	-	-	-	
TOTAL EXPENDITURES	446,241	227,921	227,921	217,921	107,507	109,820	2,313	218,505	
REVENUE OVER / (UNDER) EXPENDITURES	(444,859)	(213,529)	(213,529)	(204,029)	(94,088)	(95,931)	1,843	(163,102)	
OTHER SOURCES / (USES)									
Transfers To Capital Fund	(3,338,902)	-	-	-	-	-	-	-	
Bond Proceeds- Series 2020A	4,185,000	-	-	-	-	-	-	-	
Bond Proceeds- Series 2020B	515,000	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	1,361,098	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	916,240	(213,529)	(213,529)	(204,029)	(94,088)	(95,931)	1,843	(163,102)	
BEGINNING FUND BALANCE	-	911,426	911,426	916,240	916,240	911,426	4,814	712,211	
ENDING FUND BALANCE	916,240	697,897	697,897	712,211	822,152	815,495	6,657	549,109	See breakout below
COMPONENTS OF FUND BALANCE:	=	=	=	=	=	=	=	=	
Capitalized Interest Fund	578,325	361,077	361,077	360,593	476,270	-	-	142,862	Drawn down covering 2021 Interest & Trustee Fees Fill to Maximum of \$837,000
Surplus Fund	332,239	336,820	336,820	351,618	332,374	-	-	406,247	
Cost of Issuance	5,017	-	-	-	-	-	-	-	
Bond Payment / Surplus Fund	-	-	-	-	-	-	-	-	
Internal & Other Balances	660	-	-	-	13,508	-	-	-	
TOTAL ENDING FUND BALANCE	916,240	697,897	697,897	712,211	822,152	815,495	6,657	549,109	
=	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Highlands-Mead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 1/22/2022

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Positive (Negative)	2022 Adopted Budget	Budget Notes/Assumptions
CAPITAL FUND									
REVENUE									
Interest Income	1,835	1,000	1,000	1,000	718	750	(32)	500	
TOTAL REVENUE	1,835	1,000	1,000	1,000	718	750	(32)	500	
EXPENDITURES									
Organizational Costs	-	-	-	-	-	-	-	-	
Engineer	-	20,000	20,000	-	-	20,000	20,000	20,000	Provision for cost certification
Streets	-	6,065,976	6,065,976	-	-	6,065,976	6,065,976	6,065,976	Service plan engineer's estimate
Safety Protection	-	26,855	26,855	-	-	26,855	26,855	26,855	Service plan engineer's estimate
Water	-	796,243	796,243	-	-	796,243	796,243	796,243	Service plan engineer's estimate
Water Purchases	3,820,000	2,522,800	2,522,800	-	-	2,522,800	2,522,800	-	None anticipated
Sanitary Sewer	-	3,940,565	3,940,565	-	-	3,940,565	3,940,565	3,940,565	Service plan engineer's estimate
Utility Relocation	-	117,900	117,900	-	-	117,900	117,900	117,900	Service plan engineer's estimate
Parks & Recreation	-	4,711,781	4,711,781	-	-	4,711,781	4,711,781	4,711,781	Service plan engineer's estimate
Trustee Fees	156	360	360	-	171	270	99	360	Estimated \$30 Per Month
Contingency	-	2,000,000	2,000,000	-	-	2,000,000	2,000,000	2,000,000	Unforeseen needs / cost overruns from estimates
TOTAL EXPENDITURES	3,820,156	20,202,480	20,202,480	-	171	20,202,390	20,202,219	17,679,680	
REVENUE OVER / (UNDER) EXPENDITURES	(3,818,320)	(20,201,480)	(20,201,480)	1,000	547	(20,201,640)	20,202,187	(17,679,180)	
OTHER SOURCES / (USES)									
Transfers from Debt Service Fund	3,338,902	-	-	-	-	-	-	-	
Developer Advance Repayment	(816,102)	-	-	(1,676,035)	(1,676,305)	-	(1,676,305)	(849,944)	Balance of Project Funds
Developer Advances	3,820,000	17,676,380	17,676,380	-	-	17,676,380	(17,676,380)	17,679,680	To cover bond funding shortfall
TOTAL OTHER SOURCES / (USES)	6,342,800	17,676,380	17,676,380	(1,676,035)	(1,676,305)	17,676,380	(19,352,685)	16,829,736	
CHANGE IN FUND BALANCE	2,524,479	(2,525,100)	(2,525,100)	(1,675,035)	(1,675,758)	(2,525,260)	849,502	(849,444)	
BEGINNING FUND BALANCE	-	2,525,100	2,525,100	2,524,479	2,524,479	2,525,100	(620)	849,444	Carryforward of Restricted Project funds
ENDING FUND BALANCE	2,524,479	(0)	(0)	849,444	848,722	(160)	848,882	-	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.


On behalf of the HIGHLANDS MEAD METRO DISTRICT,
 (taxing entity)^A
 the Board of Directors,
 (governing body)^B
 of the HIGHLANDS MEAD METRO DISTRICT,
 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ \$1,032,130.00 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ \$1,032,130.00 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/13/2021 for budget/fiscal year 2022.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	10.000 mills	\$ 10321.30
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< 0.000 > mills	\$ < 0 >
SUBTOTAL FOR GENERAL OPERATING:	10 mills	\$ 10321.30
3. General Obligation Bonds and Interest ^J	50.000 mills	\$ 51606.50
4. Contractual Obligations ^K	3.000 mills	\$ 3096.39
5. Capital Expenditures ^L	0.000 mills	\$ 0
6. Refunds/Abatements ^M	0.000 mills	\$ 0
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	63 mills	\$ 65024.19

Contact person: (print) Eric Weaver Daytime phone: (970) 926-6060
 Signed:  Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	<u>Financing of Public Infrastructure & Water Rights Pursuant to the Service Plan of the District</u>
	Series:	<u>Unlimited Tax (Convertible to Unlimited Tax) General Obligation Bonds. Series 2020A</u>
	Date of Issue:	<u>08/11/2020</u>
	Coupon Rate:	<u>5.125%</u>
	Maturity Date:	<u>12/1/2050</u>
	Levy:	<u>50.000</u>
	Revenue:	<u>\$51.607</u>
2.	Purpose of Issue:	<u>Financing of Public Infrastructure & Water Rights Pursuant to the Service Plan of the District</u>
	Series:	<u>Subordinate General Obligation Bonds. Series 2020B</u>
	Date of Issue:	<u>08/11/2020</u>
	Coupon Rate:	<u>7.750%</u>
	Maturity Date:	<u>12/15/2050</u>
	Levy:	<u>0.000</u>
	Revenue:	<u>\$0</u>

CONTRACTS^K:

3.	Purpose of Contract:	<u>Refunding the Town's Ongoing Operations and Maintenance Costs Within the District</u>
	Title:	<u>Town of Mead Intergovernmental Agreement</u>
	Date:	<u>12/9/2019</u>
	Principal Amount:	<u>N/A</u>
	Maturity Date:	<u>12/31/2099</u>
	Levy:	<u>3.000</u>
	Revenue:	<u>\$3.096</u>
4.	Purpose of Contract:	_____
	Title:	_____
	Date:	_____
	Principal Amount:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

EXHIBIT C
2021 Audit

Highlands-Mead Metropolitan District

Financial Statements and Report of Independent Certified Public
Accountants

December 31, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

February 18, 2022

To the Board of Directors
Highlands-Mead Metropolitan District***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Highlands-Mead Metropolitan District (the "District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

February 18, 2022
Highlands-Mead Metropolitan District
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internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required budgetary comparison schedules for the general fund and for the operations fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

February 18, 2022
Highlands-Mead Metropolitan District
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparisons for the capital improvement fund and for the debt service fund, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Beckstead & Co., LLC

Highlands-Mead Metropolitan District
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Current Assets	
Equity in pooled cash and investments	\$ 1,565,983
Due from County Treasurer	67
Accounts receivable	780
Property taxes receivable	65,024
Total Current Assets	1,631,854
Total Assets	\$ 1,631,854
Liabilities	
Current Liabilities	
Accounts payable	\$ 16,343
Revenue received in advance	3,340
Accrued interest payable	289,779
Current portion of bond payable	-
Total Current Liabilities	309,462
Noncurrent Liabilities	
Bond payable, less current portion	4,700,000
Developer payable	1,416,143
Total Noncurrent Liabilities	6,116,143
Total Liabilities	6,425,605
Deferred Inflows Of Resources	
Deferred property tax revenue	65,024
Net Position	
Net investment in capital assets	(5,178,807)
Restricted for emergencies	1,752
Restricted for operations	570
Restricted for debt service	708,182
Unrestricted	(390,472)
Total Net Position	(4,858,775)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,631,854

The accompanying notes are an integral part of these financial statements.

Highlands-Mead Metropolitan District
Statement of Activities
For the year ended December 31, 2021

	Expenses	Charges for Services	Net (Expense) Revenue
Governmental Activities			
General government	\$ 59,327	\$ 8,221	\$ (51,106)
Interest on long-term debt	379,901	-	(379,901)
Other costs of long-term debt	7,267	-	(7,267)
Totals	\$ 446,495	\$ 8,221	\$ (438,274)
General Revenues			
Property taxes			15,920
Specific ownership taxes			800
Interest income			1,204
		Total General Revenues	17,924
		Change in Net Position	(420,350)
Net Position, beginning of year			(4,438,425)
Net Position, end of year			\$ (4,858,775)

The accompanying notes are an integral part of these financial statements.

Highlands-Mead Metropolitan District
Balance Sheets
Governmental Funds
December 31, 2021

	General	Operations	Capital Improvement	Debt Service	Total
Assets					
Equity in pooled cash and investments	\$ 5,938	\$ 3,130	\$ 848,786	\$ 708,129	\$ 1,565,983
Due from County Treasurer	14	-	-	53	67
Accounts receivable	-	780	-	-	780
Property taxes receivable	13,417	-	-	51,607	65,024
Total Assets	<u>\$ 19,369</u>	<u>\$ 3,910</u>	<u>\$ 848,786</u>	<u>\$ 759,789</u>	<u>\$ 1,631,854</u>
Liabilities					
Accounts payable	\$ 16,343	\$ -	\$ -	\$ -	\$ 16,343
Revenue received in advance	-	3,340	-	-	3,340
Total Liabilities	<u>16,343</u>	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>19,683</u>
Deferred Inflows of Resources					
Deferred property tax revenue	13,417	-	-	51,607	65,024
Fund Balance					
Restricted for emergencies	1,752	-	-	-	1,752
Restricted for operations	-	570	-	-	570
Restricted for debt service	-	-	-	708,182	708,182
Restricted for capital improvements	-	-	848,786	-	848,786
Unassigned	(12,143)	-	-	-	(12,143)
Total Fund Balance	<u>(10,391)</u>	<u>570</u>	<u>848,786</u>	<u>708,182</u>	<u>1,547,147</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 19,369</u>	<u>\$ 3,910</u>	<u>\$ 848,786</u>	<u>\$ 759,789</u>	<u>\$ 1,631,854</u>

The accompanying notes are an integral part of these financial statements.

Highlands-Mead Metropolitan District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2021

Total Fund Balance	\$ 1,547,147
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Bonds payable and other long-term debt are not due and payable in the current period, and therefore are not reported in the governmental funds.	(6,116,143)
Accrued interest payable on outstanding bonds and other long-term debt do not require current financial resources, and therefore are not reported in the governmental funds.	<u>(289,779)</u>
Total Net Position	<u><u>\$ (4,858,775)</u></u>

The accompanying notes are an integral part of these financial statements.

Highlands-Mead Metropolitan District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2021

	General	Operations	Capital Improvement	Debt Service	Total
Revenues					
Property taxes	\$ 3,285	\$ -	\$ -	\$ 12,635	\$ 15,920
Specific ownership taxes	165	-	-	635	800
Operations fee	-	8,221	-	-	8,221
Interest income	2	-	782	420	1,204
Total Revenues	<u>3,452</u>	<u>8,221</u>	<u>782</u>	<u>13,690</u>	<u>26,145</u>
Expenditures					
Current Operating					
Accounting	9,049	9,048	-	-	18,097
Audit	5,800	-	-	-	5,800
Insurance - other	2,533	-	-	-	2,533
Legal	8,440	8,440	-	-	16,880
Maintenance	-	522	-	-	522
Management and consulting	2,609	2,909	-	-	5,518
Miscellaneous	3,153	1,630	-	-	4,783
Trash removal	-	4,228	-	-	4,228
Treasurers fees	49	-	-	190	239
Debt Service					
Principal	-	-	1,676,305	-	1,676,305
Interest	-	-	-	214,481	214,481
Other fees	-	-	170	7,077	7,247
Total Expenditures	<u>31,633</u>	<u>26,777</u>	<u>1,676,475</u>	<u>221,748</u>	<u>1,956,633</u>
Excess of Revenues Over (Under) Expenditures	(28,181)	(18,556)	(1,675,693)	(208,058)	(1,930,488)
Other Financing Sources (Uses)					
Operating transfers in (out)	(19,126)	19,126	-	-	-
Transfers to the Town of Mead	(747)	-	-	-	(747)
Developer advances	45,000	-	-	-	45,000
Total Other Financing Sources (Uses)	<u>25,127</u>	<u>19,126</u>	<u>-</u>	<u>-</u>	<u>44,253</u>
Net change in fund balances	(3,054)	570	(1,675,693)	(208,058)	(1,886,235)
Fund balances, beginning of year	(7,337)	-	2,524,479	916,240	3,433,382
Fund balances, end of year	<u>\$ (10,391)</u>	<u>\$ 570</u>	<u>\$ 848,786</u>	<u>\$ 708,182</u>	<u>\$ 1,547,147</u>

The accompanying notes are an integral part of these financial statements.

Highlands-Mead Metropolitan District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the year ended December 31, 2021

Total net change in fund balances - governmental funds	\$ (1,886,235)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report debt principal payments as other financing uses; however, the government-wide financial statements report debt principal payments as reductions of long-term debt.</p>	1,676,305
<p>Governmental funds report debt proceeds as other financing sources; however, the government-wide financial statements report debt proceeds as increases in long-term debt.</p>	
Developer advances	(45,000)
<p>Accrued interest expense on long-term debt is reported in the Statement of Activities, but does not require the use of current financial resources; therefore, the change in accrued interest expense is not reported as an expenditure in the governmental funds.</p>	
	<u>(165,420)</u>
	<u>\$ (420,350)</u>

The accompanying notes are an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Highlands-Mead Metropolitan District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The District was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a five-member Board of Directors which is elected by the registered voters within the District. The purpose of the District is to construct, operate, and maintain public improvements for the use and benefit of the inhabitants of the District.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of changes in net position presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

FUND FINANCIAL STATEMENTS

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds of the District are outlined in the following paragraphs:

Governmental Funds

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures, other financing uses, and special items) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fund - used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to general statutory laws.

Operations Fund – used to account for fees received from property owners in the District and the expenditure of those fees to fund operations costs as defined in the enabling legislation adopted by the District's board of directors.

Capital Improvement Fund - used to account for proceeds from General Obligation Bonds and developer advances that are used for major capital and equipment additions.

Debt Service Fund - used to account for accumulation of resources for, and payment of, long-term bond obligation principal, interest and related costs.

C. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the District are included on the statement of net position.

FUND FINANCIAL STATEMENTS

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. The following revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

D. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A "Notice of Budget" is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board shall adopt, by resolution, the budget for the ensuing fiscal year and shall certify the tax levy to the Board of County Commissioners.
4. On or before December 31, the Board shall pass an annual appropriating resolution in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. The District's budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on final legally amended budgets.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District's funds for 2021. A supplemental appropriation for 2021 resulted in increasing expenditures for the operations fund by \$55,114 and reducing expenditures of the general fund by \$7,336.

E. Restricted Assets and Classification of Fund Balance

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. It is the District's policy to use restricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental fund financial statements fund balance is reported in five classifications.

Nonspendable: Nonspendable is that portion of fund balance that are not in spendable form, for example prepaid expenses or inventories. The District had no nonspendable fund balance at year end.

Restricted: The Colorado Constitution as amended by TABOR (see separate statutory compliance note) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The District has restricted fund balance for operations fees not yet spent to fund operations costs. Additionally, the District has restricted fund balance for debt service as required by its bond indenture. The District also has restricted fund balance for unspent bond proceeds held in the Capital Improvement Fund. It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Committed: Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year-end. The District does not have any committed fund balance at year end. It is the District's policy to use committed fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Assigned: Assignments of fund balance are designated by District management. The District does not have any assigned fund balance at year end.

Unassigned: Fund balance that has not been reported in any other classification is reported as unassigned.

F. Property Taxes Receivable and Deferred Revenue

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1st of the following year, payable in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Weld County and are reported as revenue when received by the County Treasurers. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred revenue.

G. Capital Assets

All capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. All capital assets acquired have been dedicated to other local governments in accordance with the District's service plan.

I. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

CASH AND INVESTMENTS

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

There is no custodial credit risk for public deposits collateralized under PDPA.

In order to facilitate the recording of cash transactions and maximize interest earnings, the District has pooled cash deposits for all funds. The District maintains accountability for each fund's equity in pooled cash. Interest earnings for combined funds are generally distributed based on monthly cash balances.

At December 31, 2021, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC) or in eligible depositories as required by PDPA in accordance with state statute, and had total balances (as reflected on the bank's records, before outstanding items) on deposit of \$22,186 which was covered by FDIC insurance.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank

General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies

Bankers' acceptances of certain banks

Certain securities lending agreements

Commercial paper

Written repurchase agreements collateralized by certain authorized securities

Certain money market funds

Guaranteed investment contracts

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

Local government investment pools

The investing local government's own securities including certificates of participation and lease obligations.

Local Government Investment Pool (COLOTRUST)

Included in cash and cash equivalents is \$1,543,227 held in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. Plus+ and Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAf/S1 by Fitch Ratings.

As of December 31, 2021, the District had \$0 invested in Prime, \$1,543,227 invested in Plus+, and \$0 invested in Edge.

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value; Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year end for which the investment valuations were determined as follows.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

The following is a summary of cash and cash equivalents:

	<u>Fair Value</u>
Bank deposits	\$ 22,756
COLOTRUST	<u>1,543,227</u>
	<u>\$ 1,565,983</u>

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, Deposit and Investment Risk Disclosures, are included below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in COLOTRUST Plus+. COLOTRUST is rated AAAM by Standard & Poors.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however, the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by PDPA, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board.

The District was not subject to foreign currency risk as of December 31, 2021.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The District has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at December 31, 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2021</u>
Non-depreciated:				
Water credits	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During prior years, water credits were acquired and were dedicated to other entities in accordance with the District's Service Plan. No additional water credits were acquired during the current year. Depreciation, if applicable, is calculated using the straight-line method. There was no depreciation expense reported for 2021.

LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations follows:

	<u>12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2021</u>	<u>Due Within One Year</u>
Series 2020A G.O. Bonds	\$4,185,000	\$ -	\$ -	\$ 4,185,000	\$ -
Series 2020B G.O. Bonds	515,000	-	-	515,000	-
Developer advances - capital	3,003,898	-	(1,676,305)	1,327,593	-
Developer advances - operating	43,550	45,000	-	88,550	-
	<u>\$7,747,448</u>	<u>\$ 45,000</u>	<u>\$ (1,676,305)</u>	<u>\$ 6,116,143</u>	<u>\$ -</u>

Limited Tax General Obligation Bonds Series 2020A and 2020B

General Obligation Bonds in the face amount of \$4,185,000 (Series 2020A) and \$515,000 (Series 2020B) were issued with a date of August 11, 2020. The interest rate is 5.125% for the Series 2020A bonds, payable semiannually on June 1, and December 1. Principal payments begin on December 1, 2025 and continue each December 1 until redeemed. The interest rate is 7.75% for the Series 2020B bonds, payable annually on December 15, to the extent subordinate pledged revenue is available. No interest and principal maturities are reflected in this section for the Series 2020B bonds since these payments are subject to available revenue. Final maturity dates are December 2050 for the Series 2020A Bonds and December 2050 for the Series 2020 B Bonds.

If any principal or accrued interest balances remain on either the Series 2020A or Series 2020B Bonds at December 15, 2050, the District will continue to levy taxes until the balances are fully paid. However, any balances remaining after December 15, 2059 will discharge and the District will no longer be obligated for the remaining balances.

Developer Advances

The developer of the area within the District has advanced funds to the District for capital outlay and for operating needs. Reimbursement of these advances are made as funds are available and as allowed by the bond indenture. These advances bear interest at 6.5%.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

The annual requirements to amortize the Limited Tax General Obligation Bonds Series 2020A are as follows:

Year	Bonds		Total
	Principal	Interest	
2022	\$ -	\$ 214,481	\$ 214,481
2023	-	214,481	214,481
2024	-	214,481	214,481
2025	20,000	214,481	234,481
2026	55,000	213,456	268,456
2027-2031	345,000	1,020,901	1,365,901
2032-2036	520,000	915,325	1,435,325
2037-2041	750,000	759,781	1,509,781
2042-2046	1,050,000	538,638	1,588,638
2047-2050	1,445,000	215,506	1,660,506
	<u>\$ 4,185,000</u>	<u>\$ 4,521,531</u>	<u>\$ 8,706,531</u>

The District has voted authorized debt limit of \$520,000,000 (limited to \$20,000,000 by the service plan and intergovernmental agreement) of which \$4,700,000 has been issued.

CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives represent that no claims have been asserted against the District and they are not aware of any un-asserted possible claims or litigation as of December 31, 2021.

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in the last three years. The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2021, the Pool made no distributions to the District.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2020 is as follows:

Assets	<u>\$ 59,612,386</u>
Liabilities	<u>\$ 37,710,994</u>
Surplus	<u>21,901,392</u>
	<u><u>\$ 59,612,386</u></u>
Revenues	<u>\$ 23,853,329</u>
Expenses	<u>23,825,575</u>
Net Income (Loss)	<u><u>\$ 27,754</u></u>

INTERGOVERNMENTAL AGREEMENTS AND COMMITMENTS

Town of Mead

The District entered into an intergovernmental agreement with the Town of Mead (Town) dated December 9, 2019. This agreement requires that the District dedicate District-constructed public improvements to the Town or other appropriate jurisdictions, except for any not accepted by said jurisdictions. The agreement requires that public improvements be constructed in accordance with the standards of the Town and of other appropriate jurisdictions. The service plan and the agreement limits the District's total debt to \$20,000,000.

The agreement also requires that at any time the District imposes a mill levy, the District will impose an additional Town O&M Mill Levy in the amount of 3.000 mills, as adjusted by the Gallagher Amendment Adjustment, for purposes of defraying the Town's ongoing operations and maintenance expenses associated with Town capital improvements and infrastructure, the streets within the boundaries of the District and other public improvements which may be dedicated to the Town by the District.

STATUTORY COMPLIANCE

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extensions of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

Highlands-Mead Metropolitan District
Notes to Financial Statements
December 31, 2021

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for financing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2021 is \$1,752.

During formation of the District, its voters approved the removal of the application of certain requirements of TABOR to the District. The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTARY INFORMATION

Highlands-Mead Metropolitan District
 Budgetary Comparison Schedule
 General Fund
 For the year ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 3,285	\$ 3,285	\$ 3,285	\$ -
Specific ownership taxes	152	152	165	13
Interest income	-	-	2	2
Total Revenues	<u>3,437</u>	<u>3,437</u>	<u>3,452</u>	<u>15</u>
Expenditures				
Accounting	25,000	12,500	9,049	3,451
Audit	6,000	6,000	5,800	200
Insurance	3,000	3,000	2,533	467
Legal	35,000	17,500	8,440	9,060
Maintenance	10,000	-	-	-
Management	5,000	2,500	2,609	(109)
Miscellaneous	2,000	2,000	3,153	(1,153)
Trash removal	2,000	-	-	-
Treasurers fees	49	49	49	-
Utilities	5,000	-	-	-
Contingency	25,000	17,000	-	17,000
Total Expenditures	<u>118,049</u>	<u>60,549</u>	<u>31,633</u>	<u>28,916</u>
Excess of Revenues Over (Under) Expenditures	(114,612)	(57,112)	(28,181)	28,931
Other Financing Sources (Uses)				
Transfers in (out)	-	(50,164)	(19,126)	31,038
Transfers to the Town of Mead	(747)	(747)	(747)	-
Developer advances	124,000	124,000	45,000	(79,000)
Total Other Financing Sources (Uses)	<u>123,253</u>	<u>73,089</u>	<u>25,127</u>	<u>(47,962)</u>
Net change in fund balances	8,641	15,977	(3,054)	(19,031)
Fund balances, beginning of year	2,669	(7,337)	(7,337)	-
Fund balances, end of year	<u>\$ 11,310</u>	<u>\$ 8,640</u>	<u>\$ (10,391)</u>	<u>\$ (19,031)</u>

Highlands-Mead Metropolitan District
 Budgetary Comparison Schedule
 Operations Fund
 For the year ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Operations fee revenue	\$ -	\$ 4,950	\$ 8,221	\$ 3,271
Total Revenues	-	4,950	8,221	3,271
Expenditures				
Accounting	-	12,500	9,048	3,452
Legal	-	18,490	8,440	10,050
Maintenance	-	10,000	522	9,478
Management	-	2,500	2,909	(409)
Miscellaneous	-	1,344	1,630	(286)
Trash removal	-	5,280	4,228	1,052
Contingency	-	5,000	-	5,000
Total Expenditures	-	55,114	26,777	28,337
Excess of Revenues Over (Under) Expenditures	-	(50,164)	(18,556)	31,608
Other Financing Sources (Uses)				
Transfers in	-	50,164	19,126	(31,038)
Total Other Financing Sources (Uses)	-	50,164	19,126	(31,038)
Net change in fund balances	-	-	570	570
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 570	\$ 570

ADDITIONAL SUPPLEMENTAL INFORMATION

Highlands-Mead Metropolitan District
 Budgetary Comparison Schedule
 Capital Improvement Fund
 For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 1,000	\$ 782	\$ (218)
Total Revenues	1,000	782	(218)
Expenditures			
Capital Outlay	18,202,120	-	18,202,120
Debt Service			
Principal	-	1,676,305	(1,676,305)
Interest	-	-	-
Other	360	170	190
Contingency	2,000,000	-	2,000,000
Total Expenditures	20,202,480	1,676,475	18,526,005
Excess of Revenues Over (Under) Expenditures	(20,201,480)	(1,675,693)	18,525,787
Other Financing Sources (Uses)			
Transfers in	-	-	-
Developer advances	17,676,380	-	(17,676,380)
Total Other Financing Sources (Uses)	17,676,380	-	(17,676,380)
Net Change in Fund Balances	(2,525,100)	(1,675,693)	849,407
Fund balances, beginning of year	2,525,100	2,524,479	(621)
Fund balances, end of year	\$ -	\$ 848,786	\$ 848,786

Highlands-Mead Metropolitan District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 12,634	\$ 12,635	\$ 1
Specific ownership taxes	759	635	(124)
Interest income	1,000	420	(580)
Total Revenues	<u>14,393</u>	<u>13,690</u>	<u>(703)</u>
Expenditures			
Debt Service			
Principal	-	-	-
Interest	214,481	214,481	-
Other charges	3,250	7,077	(3,827)
Treasurers fees	190	190	-
Contingency	10,000	-	10,000
Total Expenditures	<u>227,921</u>	<u>221,748</u>	<u>6,173</u>
Excess of Revenues Over (Under) Expenditures	(213,528)	(208,058)	5,470
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(213,528)	(208,058)	5,470
Fund balances, beginning of year	911,425	916,240	4,815
Fund balances, end of year	<u>\$ 697,897</u>	<u>\$ 708,182</u>	<u>\$ 10,285</u>