

THE HIGHLANDS METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2026

**THE HIGHLANDS METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

11/25/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
ASSESSED VALUATION			
Agricultural	\$ 10	\$ 10	\$ 10
Certified Assessed Value	\$ 10	\$ 10	\$ 10
 MILL LEVY			
General	50.664	50.664	50.664
Total mill levy	50.664	50.664	50.664
 PROPERTY TAXES			
General	\$ 1	\$ 1	\$ 1
Budgeted property taxes	\$ 1	\$ 1	\$ 1
 BUDGETED PROPERTY TAXES			
General	\$ 1	\$ 1	\$ 1
	\$ 1	\$ 1	\$ 1

See summary of significant assumptions.

**THE HIGHLANDS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

11/25/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 14,147	\$ 19,807	\$ 29,808
REVENUES			
Property taxes	1	1	1
Developer advance	50,000	50,000	40,000
Total revenues	<u>50,001</u>	<u>50,001</u>	<u>40,001</u>
Total funds available	<u>64,148</u>	<u>69,808</u>	<u>69,809</u>
EXPENDITURES			
General and administrative			
Accounting	12,636	15,000	16,800
Directors' fees	1,700	1,800	1,800
Dues and membership	288	500	750
Insurance	2,710	3,000	3,500
District management	-	2,000	3,200
Legal	17,879	12,000	15,000
Miscellaneous	458	500	800
Payroll taxes	130	200	140
Accounting consulting	8,540	5,000	-
Contingency	-	-	3,010
Total expenditures	<u>44,341</u>	<u>40,000</u>	<u>45,000</u>
Total expenditures and transfers out requiring appropriation	<u>44,341</u>	<u>40,000</u>	<u>45,000</u>
ENDING FUND BALANCES	<u>\$ 19,807</u>	<u>\$ 29,808</u>	<u>\$ 24,809</u>
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 100
AVAILABLE FOR OPERATIONS	<u>19,707</u>	<u>29,708</u>	<u>24,709</u>
TOTAL RESERVE	<u>\$ 19,807</u>	<u>\$ 29,808</u>	<u>\$ 24,809</u>

See summary of significant assumptions.

**THE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Highlands Metropolitan District No. 1 was established principally to provide streets, traffic and safety controls, street lighting, water, sanitary sewer, storm drainage, landscaping, parks and recreation, and mosquito control to areas within and without the boundaries of the District.

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

The District intends to receive developer advances to help fund operating and administrative expenditures until other revenues are available to the District. The construction of District facilities is expected to be financed by developer advances until bonded debt is issued to repay the developer.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

For property tax collection year 2026, HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		Oil & Gas Production	87.50%

**THE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 4% of the property taxes collected by the District. The budget assumes that all of the specific ownership taxes will be pledged to debt service on the bonds during the term the bonds are outstanding.

Developer Advances

The primary source of funds for 2026 is developer advances. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, meeting expense, and other administrative expenses. Estimated expenditures related to detention pond maintenance are also included in the General Fund budget.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District continues to implement its Service Plan for the construction of public improvements.

Leases

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.