



SCHILLING & COMPANY, INC.

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Accountant's Compilation Report

Board of Directors
Highway 119 Metropolitan District No. 2
Weld County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Highway 119 Metropolitan District No. 2 (District), for the year ending December 31, 2021, including the estimate of comparative information for the year ending December 31, 2020, and the actual comparative information for the year ending December 31, 2019, in the format required by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The actual comparative information for the year ending December 31, 2019 is presented for comparative purposes as required by Colorado Revised Statutes (C.R.S.) 29-1-105. Such information is taken from the audited financial statements of the District for the year ended December 31, 2019. Dazio & Associates, PC audited the financial statements for the year ended December 31, 2019, whose report was dated July 27, 2020.

The budget is presented in accordance with the requirements of Colorado Revised Statutes (C.R.S.) 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Highway 119 Metropolitan District No. 2.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
December 8, 2020

**HIGHWAY 119 METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET AS ADOPTED
WITH 2019 ACTUAL AND 2020 ESTIMATED
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	<u>ACTUAL 2019</u>	<u>ADOPTED 2020</u>	<u>ADOPTED 2021</u>
Assessed Valuation			
Weld County	\$ 17,548,690	\$ 7,636,610	{A} \$ 3,859,360
Northern Firestone Urban Renewal Authority (TIF)	(3,118,961)	(2,318,012)	(1,268,546)
Total Assessed Valuation - net	<u>\$ 14,429,729</u>	<u>\$ 5,318,598</u>	<u>\$ 2,590,814</u>
Mill Levy			
General Fund	46.764	66.797	55.664
Temporary Mill Levy Reduction - Refund 2020 Over Levy	0.000	0.000	(22.855)
Contractual obligation	19.569	0.000	3.004
Total Mill Levy	<u>66.333</u>	<u>66.797</u>	<u>35.813</u>
Tax Revenue Levied			
General Fund	\$ 674,792	\$ 355,266	\$ 144,215
Temporary Mill Levy Reduction - Refund 2020 Over Levy	-	-	(59,213)
Debt Service Fund	282,375	-	7,783
Total Tax Revenue Levied	<u>\$ 957,167</u>	<u>\$ 355,266</u>	<u>\$ 92,785</u>

{A} - Amount adjusted for Weld County Assessor correction subsequent to providing the final assessed valuation for the 2020 budget.

GALLAGHERIZED GENERAL FUND MILL LEVY

Mill Levy Limitation per the Amended and Restated Cons. Service Plan	50.000
Multiply by Residential Assessment Rate Prior to the 2017 change	7.96%
Divide by New Residential Assessment Rate as changed in 2018/2019 and remained for 2020/2021	7.15%
Gallagherized Mill Levy for Assessment for Collection in 2020/2021	<u>55.664</u>

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**HIGHWAY 119 METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2021 BUDGET AS ADOPTED
WITH 2019 ACTUAL AND 2020 ESTIMATED
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	<u>ACTUAL 2019</u>	<u>ESTIMATED 2020</u>	<u>ADOPTED BUDGET 2021</u>
Beginning Funds Available	\$ 10,800	\$ 27,000	\$ 14,800
Revenue			
Property Taxes	674,441	354,716	85,002
Specific ownership taxes	78,182	30,984	7,425
NFURA Taxes	144,647	106,860	45,430
Interest earnings	2,419	(1,790)	1,000
Total Revenue	<u>899,689</u>	<u>490,770</u>	<u>138,857</u>
Total Available	<u>910,489</u>	<u>517,770</u>	<u>153,657</u>
Expenditures			
Intergovernmental transfer to District No. 1	873,252	499,065	142,952
Treasurer's fees	10,117	3,659	1,275
Bank Fees	120	246	200
Contingency and Emergency Reserves	-	-	5,000
Total Expenditures requiring appropriation	<u>883,489</u>	<u>502,970</u>	<u>149,427</u>
Ending Funds Available	<u>\$ 27,000</u>	<u>\$ 14,800</u>	<u>\$ 4,230</u>
Emergency Reserve	<u>\$ 27,000</u>	<u>\$ 14,800</u>	<u>\$ 4,200</u>

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**HIGHWAY 119 METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2021 BUDGET AS ADOPTED
WITH 2019 ACTUAL AND 2020 ESTIMATED
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	<u>ACTUAL 2019</u>	<u>ESTIMATED 2020</u>	<u>ADOPTED BUDGET 2020</u>
Beginning Funds Available	\$ -	\$ -	\$ -
Revenues			
Property Tax	281,151	-	7,783
NFURA Tax	60,534	-	-
Net investment income	1,230	-	-
Total Revenue	<u>342,915</u>	<u>-</u>	<u>7,783</u>
Total Funds Available	<u>342,915</u>	<u>-</u>	<u>7,783</u>
Expenditures			
Contractual obligation - District No. 1	338,698	-	7,666
Treasurer's Fees	4,217	-	117
Total Expenditures	<u>342,915</u>	<u>-</u>	<u>7,783</u>
Ending Funds Available	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**HIGHWAY 119 METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Disclosures contained in this summary as presented by management, are those that are believed to be significant as of the date of the compilation report and are not intended to be all-inclusive. The disclosures are intended to describe assumptions used during the preparation of the 2021 annual budget. Actual results may differ from the prospective results contained in the budget.

SERVICES PROVIDED

The District was organized in 2009 along with Highway 119 Metropolitan District Nos. 1, 3, 4, 5 and 6. District Nos. 7, 8, 9 and 10 were organized in 2017. All of the Districts combined are referred to as the Districts. The Districts were organized in Weld County, Colorado and are governed pursuant to provisions of the Colorado Special District Act. The Districts were organized to finance, construct, acquire, and, if required or authorized by an intergovernmental agreement with the Town of Firestone, operate and maintain certain streets, traffic safety controls, street lighting, water, sanitary sewer, landscaping, storm sewers, flood and surface drainage and park and recreation improvements.

The District obtained voter approval to retain and spend any excess revenues collected under Article X, Section 20 of the Colorado Constitution.

The District prepares its budget on the modified accrual basis of accounting.

REVENUE

Property Tax

Property taxes are forecasted based on the mill levy adopted applied to the annual assessed valuation.

On December 10, 2015, the District entered into a Capital Pledge Agreement with Highway 119 Metropolitan District No. 1 (District No. 1). The Capital Pledge Agreement requires the District to levy taxes up to a maximum mill levy of 46.000 (which may be increased for any Gallagher Adjustment) to pay for certain infrastructure constructed by District No. 1. As of December 31, 2020, the District had a remaining obligation of \$7,669 under the Capital Pledge Agreement therefore, a debt service mill has been levied in the amount of 3.004 mills.

The calculation of the taxes levied is displayed on page 2.

Specific Ownership Taxes

Specific ownership taxes are set by the State of Colorado 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 percentage share will be consistent with amounts collected during 2020.

EXPENDITURES

The District levies taxes for operations and transfers those collections to District No. 1. The District's administrative costs are then paid by District No. 1.

**HIGHWAY 119 METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The District has a contractual obligation under the Capital Pledge Agreement with District No. 1 to levy and remit property taxes for the construction of certain infrastructure. The taxes, net of collection fees, have been reflected as an expenditure in the Debt Service Fund. For 2021 the District has reflected an expenditure in the amount of \$7,666 for the anticipated transfer to District No.1.

The District has no bonds or leases outstanding.

RESERVES

The District has provided for an emergency reserve fund to at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.