

HORIZON METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

**HORIZON METROPOLITAN DISTRICT NO. 2
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 2,000	\$ -
REVENUES			
Property Taxes	556	2,027	1,167
Property Taxes - ARI	-	34	19
Specific Ownership Taxes	9,555	30,729	31,204
Specific Ownership Taxes - ARI	-	512	515
Other Revenue	-	-	5,000
TIF Revenue from AURA	340,039	371,147	511,122
TIF Revenue from AURA - ARI	-	5,732	8,436
Transfer from HMD No. 3	-	2,685	33,877
Interest Income	-	-	14
Bond Proceeds	25,247,000	-	-
Total revenues	<u>25,597,150</u>	<u>412,867</u>	<u>591,354</u>
TRANSFERS IN	<u>7,751</u>	-	-
Total funds available	<u>25,604,901</u>	<u>414,867</u>	<u>591,354</u>
EXPENDITURES			
General Fund	355,901	69,067	108,932
Debt Service Fund	-	345,800	482,422
Capital Projects Fund	25,239,249	-	-
Total expenditures	<u>25,595,150</u>	<u>414,867</u>	<u>591,354</u>
TRANSFERS OUT	<u>7,751</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>25,602,901</u>	<u>414,867</u>	<u>591,354</u>
ENDING FUND BALANCES	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Residential - Single Family	\$ -	\$ 737,731	\$ 3,610,507
Agricultural	-	29	-
Vacant land	2,075,478	5,800,904	4,343,676
Personal	-	33,350	104,513
State Assessed	-	-	700
	<u>2,075,478</u>	<u>6,572,014</u>	<u>8,059,396</u>
Adjustments	(2,067,187)	(6,541,679)	(8,041,310)
Certified Assessed Value	<u>\$ 8,291</u>	<u>\$ 30,335</u>	<u>\$ 18,086</u>
MILL LEVY			
General	66.796	11.132	11.275
ARI	0.000	1.113	1.065
Debt Service	0.000	55.664	53.255
Total mill levy	<u>66.796</u>	<u>67.909</u>	<u>65.595</u>
PROPERTY TAXES			
General	\$ 554	\$ 338	\$ 204
ARI	-	34	19
Debt Service	-	1,689	963
Levied property taxes	<u>554</u>	<u>2,061</u>	<u>1,186</u>
Adjustments to actual/rounding	2	-	-
Budgeted property taxes	<u>\$ 556</u>	<u>\$ 2,061</u>	<u>\$ 1,186</u>
BUDGETED PROPERTY TAXES			
General	\$ 556	\$ 338	\$ 204
ARI	-	34	19
Debt Service	-	1,689	963
	<u>\$ 556</u>	<u>\$ 2,061</u>	<u>\$ 1,186</u>

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Taxes	556	338	204
Property Taxes - ARI	-	34	19
Specific Ownership Taxes	9,555	5,121	5,452
Specific Ownership Taxes - ARI	-	512	515
Other Revenue	-	-	5,000
TIF Revenue from AURA	340,039	57,330	89,306
TIF Revenue from AURA - ARI	-	5,732	8,436
Total revenues	350,150	69,067	108,932
TRANSFERS IN			
Transfers From Other Funds	5,751	-	-
Total funds available	355,901	69,067	108,932
EXPENDITURES			
General and administrative			
County Treasurer's fee	8	-	4
Transfer to HMD No. 1	355,893	62,789	94,958
City of Aurora	-	6,278	8,970
Contingency	-	-	5,000
Total expenditures	355,901	69,067	108,932
Total expenditures and transfers out requiring appropriation	355,901	69,067	108,932
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 2,000	\$ -
REVENUES			
Property Taxes	-	1,689	963
Specific Ownership Taxes	-	25,608	25,752
Interest Income	-	-	14
TIF Revenue from AURA	-	313,818	421,816
Transfer from HMD No. 3	-	2,685	33,877
Total revenues	-	343,800	482,422
TRANSFERS IN			
Transfers From Other Funds	2,000	-	-
Total funds available	2,000	345,800	482,422
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	25	14
2021A ₍₃₎ Bond Interest	-	345,775	482,408
Total expenditures	-	345,800	482,422
Total expenditures and transfers out requiring appropriation	-	345,800	482,422
ENDING FUND BALANCE	\$ 2,000	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/21/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Bond proceeds	25,247,000	-	-
Total revenues	<u>25,247,000</u>	<u>-</u>	<u>-</u>
Total funds available	<u>25,247,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Bond issue costs	857,219	-	-
Transfer to HMD No. 1	24,382,030	-	-
Total expenditures	<u>25,239,249</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT			
Transfers To Other Funds	<u>7,751</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>25,247,000</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Arapahoe County on December 29, 2005, to provide financing for the acquisition and installation of streets and traffic signals, water, sewer, storm drainage and park and recreation facilities. The District's service area is located entirely within the City of Aurora (the "City"), in Arapahoe County, Colorado. The District was organized in conjunction with other related districts, Horizon Metropolitan District Nos. 1, 3, 4, 5, 6, 7, 8, 9 and 10. The Districts, collectively, will undertake the financing and construction of the public improvements. The Districts shall enter into one or more Intergovernmental Agreements which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the public improvements. The District will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

On November 1, 2005, District electors approved revenue indebtedness of \$150,000,000 for street improvements, \$150,000,000 for traffic safety, \$150,000,000 for water supply system, \$150,000,000 for sanitary sewer and transmission system, \$150,000,000 for parks and recreation, \$150,000,000 for mosquito control, \$150,000,000 for fire protection system, \$150,000,000 for television relay and translation system, \$150,000,000 for public transportation system and \$5,000,000 for general operations and maintenance. The District electors also approved \$150,000,000 for refinancing of District debt, \$150,000,000 for debt associated with intergovernmental contracts and \$150,000,000 for debt associated with intergovernmental contracts associated with capital projects.

On November 4, 2008, District electors approved revenue indebtedness of \$750,000,000 for street improvements, \$750,000,000 for traffic safety, \$750,000,000 for water supply system, \$750,000,000 for sanitary sewer and transmission system, \$750,000,000 for parks and recreation, \$750,000,000 for mosquito control, \$750,000,000 for fire protection system, \$750,000,000 for television relay and translation system, \$750,000,000 for public transportation system, \$750,000,000 for solid waste disposal facilities, and \$150,000,000 for general operations and maintenance. The District electors also approved \$750,000,000 for refinancing of District debt and \$750,000,000 for debt associated with intergovernmental contracts. The election also approved an annual increase in taxes of \$150,000,000 for general operations and maintenance and \$750,000,000 for regional improvements.

The Districts' service plan limits the total debt issuance of the project to \$750,000,000. The Maximum Debt Mill Levy the District is permitted to impose is 50.000 mills for any aggregate District's Debt which exceeds fifty percent of the District's assessed valuation. The Maximum Debt Mill Levy will be adjusted for changes in the ratio of actual value to assessed value of property within the District. For the portion of any aggregate District's Debt which is equal to or less than fifty percent of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation or rate.

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

**HORIZON METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided (continued)

The District prepares its budget on the modified accrual basis of accounting, in accordance with 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.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.40% from 29.00%. Producing oil and gas remains at 87.50%. All other nonresidential property stays at 29.00%.

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.

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 budget assumes that the District's share will be equal to approximately 6.00% of the property taxes collected.

TIF Revenue from AURA

Pursuant to a cooperation agreement with Aurora Urban Renewal Authority ("AURA"), AURA remits the portion of revenues which it receives as a result of Tax Increment Revenues attributable to the District's current mill levy to the District.

**HORIZON METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense but are to be incurred and paid by District No. 1.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% of property tax collections.

Intergovernmental Expenditures – Transfer to Other Districts

The District is obligated to impose mill levies which will be sufficient to promptly and fully pay amounts to District No. 1. The District is required to remit property taxes derived from such mill levies, together with specific ownership taxes applicable to property within the District less County Treasurer Fees, to District No. 1. The District anticipates transferring funds to District No. 1, as shown in the General Fund budget for operations

Debt and Leases

The District issued Bonds on August 11, 2021, in the par amount of \$25,247,000. Proceeds from the sale of the Bonds will be used to pay or reimburse Project Costs and pay the costs of issuing the Bonds.

The Bonds bear interest at the rate of 4.500% per annum and are payable annually on December 1, beginning December 1, 2021 from, and to the extent of, Pledged Revenue available, if any, and mature on December 1, 2061. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Bonds compounds annually on each December 1.

If any amount of principal or interest on the Bonds remains unpaid after the application of all Pledged Revenue available on December 1, 2061, such unpaid amount will be deemed discharged on December 2, 2061 (the "Termination Date").

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means the money derived by the District from the following sources:

- (a) the Property Tax Revenues;
- (b) the Senior Capital Revenue;
- (c) the portion of the Specific Ownership Tax which is collected as a result of the District's imposition of the Required Mill Levy; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

**HORIZON METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

“Property Tax Revenues” means the property taxes derived from imposition by the District of the Required Mill Levy, net of any fees and collection costs of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County, which revenues include (a) the Pass Through Tax Revenue (generally meaning that portion of the property tax revenue derived from imposition of the Required Mill Levy which is allocable to the District’s incremental assessed valuation in excess of its base assessed valuation) received from AURA pursuant to the Cooperation Agreement and (b) the property tax revenue allocable to the District’s base assessed valuation received directly from the County Treasurer.

Pursuant to the Indenture, the District has covenanted to impose a Required Mill Levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2004) or such lesser mill levy which, when combined with the District No. 3 Senior Tax Revenue, will pay all of the principal of, premium if any, and interest on the Bonds in full.

“District No. 3 Senior Tax Revenue” means, when calculating the Required Mill Levy for certification in any tax levy year, the property tax revenue expected to be received in the related tax collection year as a result of the imposition by District No. 3 of the District No. 3 Senior Required Mill Levy in that same tax levy year.

Pursuant to a Capital Pledge Agreement (the “Pledge Agreement”) between the District, District No. 3, and UMB Bank, n.a, (the “Trustee”), District No. 3 pledges Senior Capital Revenue to the Trustee on behalf of the District for the purpose of paying and securing the Bonds.

Senior Capital Revenue means the sum of the following:

- (a) the ad valorem property taxes derived from imposition of the District No. 3 Senior Required Mill Levy, net of any fees and collection costs of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County, which revenues include:
 - (i) the Senior Pass Through Tax Revenue received by or on behalf of District No. 3 from AURA pursuant to the Cooperation Agreement; and
 - (ii) the property tax revenue allocable to District No. 3’s base assessed valuation received directly from the County Treasurer; and
- (b) the Specific Ownership Tax revenue allocable to the District No. 3 Senior Required Mill Levy.

District No. 3 Senior Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of District No. 3 each year in the amount of 30.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after the date of issuance of the Bonds) or such lesser mill levy which, when combined with the District No. 2 Senior Tax Revenue, will pay the principal of, premium if any, and interest on the Bonds in full. The maximum mill levy of 30 mills (as adjusted) is to be reduced by the number of mills necessary to pay unlimited mill levy debt (none of which is currently outstanding).

**HORIZON METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

District No. 2 Senior Tax Revenue means, when calculating the District No. 3 Senior Required Mill Levy for certification in any tax levy year, the property tax revenue expected to be received in the related tax collection year as a result of the imposition by District No. 2 of the Required Mill Levy in that same tax levy year.

If the District Required Mill Levy or the District No. 3 Senior Required Mill Levy as calculated above is less than the maximum number of mills which can be imposed, such District shall compute its respective Required Mill Levy using the Senior Mill Levy Proportion. Senior Mill Levy Proportion means (a) 35% as to District No. 3 and (b) 65% as to District No. 2, being the respective proportions of the maximum District No. 3 Senior Required Mill Levy and the maximum Required Mill Levy (as adjusted) as of the date of issuance of the Bonds, each stated as a percentage, where the total of such two mill levies equals 100%.

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, and on any date thereafter, upon payment of the principal amount redeemed plus accrued interest to the date of redemption, plus a redemption premium equal to a percentage of the principal amount redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026 to August 31, 2027	3.00%
September 1, 2027 to August 31, 2028	2.00
September 1, 2028 to August 31, 2029	1.00
September 1, 2029, and thereafter	0.00

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's 2023 Budget.

This information is an integral part of the accompanying budget.