

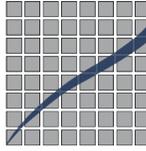
HORIZON METROPOLITAN DISTRICT NO. 1
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**HORIZON METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Horizon Metropolitan District No. 1
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Horizon Metropolitan District No. 1 ("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 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, the respective changes in financial position, and the budgetary comparison schedule for the general fund, and the budgetary comparison for the general fund for the year then ended in accordance with the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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.

Responsibility 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditing standards generally accepted in the United States of America 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 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 auditing standards generally accepted in the United States of America, 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.

Other Matters

Required Supplementary Information

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 part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

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 supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is 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 information 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 29, 2022

BASIC FINANCIAL STATEMENTS

**HORIZON METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 353,264
Cash and Investments - Restricted	170
Due from Other Districts	805
Prepays	9,266
Capital Assets, Not Being Depreciated	27,046,420
Total Assets	27,409,925
LIABILITIES	
Accounts Payable	27,358
Noncurrent Liabilities:	
Due in More than One Year	8,569,883
Total Liabilities	8,597,241
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	3,133
NET POSITION	
Net Investment in Capital Assets	27,046,420
Restricted for:	
Emergency Reserves	170
Unrestricted	(8,237,039)
Total Net Position	\$ 18,809,551

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
Expenses	Charges Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 343,134	\$ 5,659	\$ -	\$ 75,600	\$ (261,875)
Interest and Related Costs on Long-Term Debt	3,961,400	-	-	-	(3,961,400)
Total Governmental Activities	\$ 4,304,534	\$ 5,659	\$ -	\$ 75,600	(4,223,275)
GENERAL REVENUES					
					24,740,316
					24,740,316
CHANGE IN NET POSITION					20,517,041
					(1,707,490)
NET POSITION - END OF THE YEAR					\$ 18,809,551

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 225,981	\$ 127,283	\$ 353,264
Cash and Investments - Restricted	170	-	170
Due from District No. 2	780	-	780
Due from District No. 3	25	-	25
Prepaid Insurance	9,266	-	9,266
Total Assets	\$ 236,222	\$ 127,283	\$ 363,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 27,358	\$ -	\$ 27,358
Total Liabilities	27,358	-	27,358
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	3,133	-	3,133
Total Deferred Inflows of Resources	3,133	-	3,133
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid Expenses	9,266	-	9,266
Restricted for:			
Emergency Reserves	170	-	170
Assigned to:			
Subsequent Year's Expenditures	32,999	-	32,999
Unassigned	163,296	127,283	290,579
Total Fund Balances (Deficits)	205,731	127,283	333,014
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 236,222	\$ 127,283	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital Assets, Net			27,046,420
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.			
Developer Advance Payable			(6,231,978)
Bond Payable - Accrued Interest			(2,337,905)
Net Position of Governmental Activities			\$ 18,809,551

See accompanying Notes to Basic Financial Statements.

HORIZON METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Capital Projects	Total Governmental Funds
REVENUES			
Facilities Fees	\$ -	\$ 75,600	\$ 75,600
Service Fees	5,659	-	5,659
Transfer from HMD No. 2	355,893	24,382,030	24,737,923
Transfer from HMD No. 3	2,393	-	2,393
Total Revenues	363,945	24,457,630	24,821,575
EXPENDITURES			
Current:			
Accounting	38,842	-	38,842
Billing	13,179	-	13,179
District Management	36,218	-	36,218
Due and Licenses	948	-	948
Engineering	-	46,717	46,717
Insurance and Bonds	9,263	-	9,263
Landscaping	105,323	-	105,323
Legal Services	90,570	-	90,570
Miscellaneous	87	-	87
Waste Services	1,987	-	1,987
Capital Outlay:			
Capital Outlay	-	27,046,420	27,046,420
Total Expenditures	296,417	27,093,137	27,389,554
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	67,528	(2,635,507)	(2,567,979)
OTHER FINANCING SOURCES (USES)			
Developer Advance	150,000	27,046,420	27,196,420
Repay of Developer Advance	-	(22,042,184)	(22,042,184)
Repay of Developer Advance- Interest	-	(2,339,846)	(2,339,846)
Total Other Financing Sources (Uses)	150,000	2,664,390	2,814,390
NET CHANGE IN FUND BALANCES	217,528	28,883	246,411
Fund Balances (Deficits) - Beginning of Year	(11,797)	98,400	86,603
FUND BALANCES - END OF YEAR	\$ 205,731	\$ 127,283	\$ 333,014

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 246,411

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. During the current period there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.

Capital Outlay 27,046,420

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds record the effect of issuance costs, premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advance	(27,196,420)
Repay Developer Advance Principal	22,042,184
Repay Developer Advance Interest	2,339,846

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Developer Advance - Change in Accrued Interest	(3,961,400)
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Changes in Net Position of Governmental Activities	\$ 20,517,041
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**HORIZON METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service Fees	\$ -	\$ 9,000	\$ 5,659	\$ (3,341)
Transfer from HMD No. 2	10,250	356,000	355,893	(107)
Transfer from HMD No. 3	332	3,000	2,393	(607)
Other Income	-	500	-	(500)
Total Revenues	<u>10,582</u>	<u>368,500</u>	<u>363,945</u>	<u>(4,555)</u>
EXPENDITURES				
Current:				
Accounting	25,000	39,000	38,842	158
Billing	-	14,000	13,179	821
Contingency	7,548	10,000	-	10,000
District Management	20,000	38,000	36,218	1,782
Dues and Licenses	850	1,000	948	52
Engineering	6,000	-	-	-
Insurance and Bonds	6,500	10,000	9,263	737
Landscaping	65,000	105,000	105,323	(323)
Legal Services	45,000	90,000	90,570	(570)
Miscellaneous	800	1,000	87	913
Snow Removal	15,000	-	-	-
Waste Services	-	2,000	1,987	13
Water	20,000	-	-	-
Total Expenditures	<u>211,698</u>	<u>310,000</u>	<u>296,417</u>	<u>13,583</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(201,116)	58,500	67,528	9,028
OTHER FINANCING SOURCES (USES)				
Developer Advance	210,000	150,000	150,000	-
Total Other Financing Sources (Uses)	<u>210,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	8,884	208,500	217,528	9,028
Fund Balance (Deficits) - Beginning of Year	<u>1,346</u>	<u>(11,797)</u>	<u>(11,797)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,230</u>	<u>\$ 196,703</u>	<u>\$ 205,731</u>	<u>\$ 9,028</u>

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Horizon Metropolitan District No. 1 (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 March 6, 2006, 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. 2, 3, 4, 5, 6, 7, 8, 9, and 10 (the Districts).

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2021.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Intergovernmental Revenues – Transfers from Other Districts

The intergovernmental revenues are transferred from Horizon Metropolitan District No. 2 (District No. 2) and Horizon Metropolitan District No. 3 (District No. 3). The District will coordinate the payment of administrative expenditures for these Districts as well as the District's own administrative expenditures.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives.

Parks and Open Space	15 to 50 Years
Infrastructure	30 to 50 Years
Other Improvements	15 to 30 Years

Facilities Fees

Effective May 17, 2018, and as amended January 1, 2021, the District adopted a facilities fee resolution imposing facilities fees which are due and payable on or before the date of issuance of a building permit. The fee, at the District's discretion, may be used for costs associated with the payment of bonds, capital infrastructure or any other indebtedness of the District. The fees are \$1,200 per single family detached or attached residential unit, \$1,000 per multi-family residential unit and \$0.50 per gross square foot of interior space intended for non-residential use as defined. During 2021, the District collected \$75,600 in fees.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *unearned revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 353,264
Cash and Investments - Restricted	170
Total Investments	\$ 353,434

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 353,434
Total Investments	\$ 353,434

Deposits with Financial Institutions

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. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the District's cash deposits had a bank balance and carrying balance of \$353,434.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 0	Increases	Decreases	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 27,046,420	\$ -	\$ 27,046,420
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 27,046,420</u>	<u>\$ -</u>	<u>\$ 27,046,420</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Deletions	Balance - December 31, 2021	Current Portion
Other Debts:					
Developer Advances:					
Operational	\$ 854,321	\$ 150,000	\$ -	\$ 1,004,321	\$ -
Capital	223,421	27,046,420	22,042,184	5,227,657	-
Accrued Interest on					
Developer Advances:					
Operational	512,408	80,259	-	592,667	-
Capital	203,943	3,881,141	2,339,846	1,745,238	-
Total Long-Term Obligations	<u>\$ 1,794,093</u>	<u>\$ 31,157,820</u>	<u>\$ 24,382,030</u>	<u>\$ 8,569,883</u>	<u>\$ -</u>

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

The District authorized the incurrence of debt at elections held in 2005 and 2008 (the Elections). At December 31, 2021, the District had authorized but unissued indebtedness in the following amount allocated for the following purposes:

	Authorized	Authorization Used	Remaining at December 31, 2021
Debt Refunding	\$ 900,000,000	\$ -	\$ 900,000,000
Fire Protection	900,000,000	-	900,000,000
General Operations and Maintenance	300,000,000	-	300,000,000
IGA for Reimbursements	150,000,000	-	150,000,000
Intergovernmental Contracts	900,000,000	-	900,000,000
Mosquito Control	900,000,000	-	900,000,000
Operations and Maintenance	5,000,000	-	5,000,000
Park and Recreation	900,000,000	-	900,000,000
Public Transportation System	750,000,000	-	750,000,000
Regional Improvements	750,000,000	-	750,000,000
Sanitation	900,000,000	-	900,000,000
Solid Waste	750,000,000	-	750,000,000
Streets	900,000,000	-	900,000,000
Traffic Safety	900,000,000	-	900,000,000
TV Relay and Translation	900,000,000	-	900,000,000
Water	900,000,000	-	900,000,000
Total	<u>\$ 11,705,000,000</u>	<u>\$ -</u>	<u>\$ 11,705,000,000</u>

Per the Service Plan, the District is limited to issuing \$750,000,000 in debt. In addition, the maximum debt service mill levy for the District is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION (CONTINUED)

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 170
Total	\$ 170

The District has a deficit in unrestricted net position. The deficit is a result of the District recording and being responsible for project administration and District No. 2 being responsible for the repayment of bonds issued for such constructed public improvements.

NOTE 7 RELATED PARTY

All members of the Board of Directors are employees, owners, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Operations Funding Agreement

Effective January 1, 2021 and as amended November 4, 2021, the District and LendLease Horizon Holdings LLC (the Developer) entered into an Operations Funding Agreement (OFA). Pursuant to the OFA, the District acknowledged the Developer has incurred operational and administrative expenses that are subject to reimbursement to the extent funds are available. In addition, the Developer has agreed to advance the District funds necessary to fund operational and administrative expenses on a periodic basis for fiscal year 2021. The estimated shortfall in revenue available for operational and administrative expenses for fiscal year 2021 through 2022 is \$400,000. Advances made by the Developer shall accrue interest at 8.00% per annum. Payments by the District to the Developer shall first be applied to unpaid interest and then to outstanding principal due.

Facilities Funding and Acquisition Agreement

Effective November 5, 2020, the District and the Developer entered into a Facilities Funding and Acquisition Agreement (FFAA). Pursuant to the FFAA, the District acknowledged the Developer has incurred organization and construction related expenses that are subject to reimbursement once the District issues bonds. In addition, the Developer has agreed to advance the District funds necessary to fund construction related expenses on a periodic basis for fiscal year 2021. Estimated costs to complete construction are \$17,000,000. Advances made by the Developer shall accrue interest at 8.00% per annum. Payments by the District to the Developer shall first be applied to unpaid interest and then to outstanding principal due.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 AGREEMENTS

Facilities, Funding, Construction and Operation Agreement

Effective November 30, 2017 and as amended August 6, 2020, the District and District No. 2 and District No. 3 entered into the Facilities Funding, Construction and Operation Agreement (FFCO). The FFCO establishes the District's responsibility, as the operating district, for constructing, designing, financing, and operating the public improvements that benefit the District, District No. 2 and District No. 3, and establishes District No. 2 and District No. 3's obligation, as the taxing districts, to pay for the services and benefits of the public improvements received from the District. The FFCO further provides that the District will own, operate, maintain, finance and construct certain public improvements and the District, District No. 2 and District No. 3 will contribute to the costs of construction, operation, management and maintenance of the public improvements. The District will also provide for the operation, maintenance, and administrative services of the District and District No. 2 and District No. 3.

The Urban Renewal Plan

All of the property within the Districts is subject to the Horizon Uptown Urban Renewal Plan (Urban Renewal Plan). The Urban Renewal Plan specifies, for the purposes of the Urban Renewal Law, that the Horizon Uptown Urban Renewal Area encompasses all of Horizon Uptown (a larger mixed-use development that includes the Districts) (the Urban Renewal Area). Until the expiration of the tax increment financing (TIF) authorization on March 8, 2015, granted pursuant to the Urban Renewal Plan, all property taxes resulting from imposition of ad valorem property taxes on the assessed valuation of all taxable property in the Urban Renewal Area (which includes all of property within the boundaries of the Districts) in excess of the base assessed valuation (incremental assessed valuation) are payable to the Aurora Urban Renewal Authority (AURA) pursuant to the Urban Renewal Plan and the Urban Renewal Law.

Pursuant to a Cooperation Agreement between AURA and Horizon Metropolitan Districts No. 1-6 (Cooperation Agreement), AURA and the Horizon Metropolitan Districts No. 1-6 agreed that, in consideration for the Horizon Metropolitan Districts No. 1-6 undertaking certain improvements and services within the Urban Renewal Area pursuant to the District Service Plan, the portion of revenues that AURA receives as a result of certain incremental in property taxes which are attributable to the Horizon Metropolitan Districts No. 1-6's' current and future levy of ad valorem taxes on real and personal property within the area encompassed by the Urban Renewal Plan (Tax Increment Revenues), shall be segregated upon receipt and shall be remitted by AURA to the applicable Horizon Metropolitan Districts No. 1-6.

**HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Cooperation Agreement

Effective June 15, 2021, the District and Horizon Metropolitan Districts No. 1-6 entered into a Cooperation Agreement. Per the Cooperation Agreement, AURA agrees that any revenues, including any Tax Increment Revenues, which it receives as a result of the imposition of specific ownership tax on vehicles and would otherwise be payable to the Horizon Metropolitan Districts No. 1-6 shall, upon receipt by AURA, be segregated and paid to each respective Horizon District. Only the revenues received as a result of the District's imposition of the Required Mill Levy and the District No. 3 Senior Required Mill Levy and the specific ownership taxes collected as a result of such levies are pledged to the payment of the Bonds.

As a result, the Horizon Metropolitan Districts No. 1-6 will receive revenues generated from both the incremental assessed valuation and base assessed valuation within their respective boundaries, and the forecast does not distinguish between incremental assessed valuation and base assessed valuation.

NOTE 9 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal 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.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

HORIZON METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$1,000,000 annually without regard to any limitations imposed by TABOR for general operations and maintenance of the District.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Facilities Fees	\$ -	\$ 75,600	\$ 75,600	\$ -
Transfer from HMD No. 2	-	24,382,030	24,382,030	-
Total Revenues	-	24,457,630	24,457,630	-
EXPENDITURES				
Capital Outlay	17,000,000	27,500,000	27,046,420	453,580
Cost of Issuance	600,000	-	-	-
Engineering	-	46,717	46,717	-
Total Expenditures	17,600,000	27,546,717	27,093,137	453,580
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,600,000)	(3,089,087)	(2,635,507)	453,580
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	15,700,000	-	-	-
Developer Advance	17,000,000	28,000,000	27,046,420	(953,580)
Repay Developer Advance	(11,651,994)	(22,500,000)	(22,042,184)	457,816
Repay Developer Advance - Interest	(720,000)	(2,400,000)	(2,339,846)	60,154
Transfers to Other Fund	(2,728,006)	-	-	-
Total Other Financing Sources (Uses)	17,600,000	3,100,000	2,664,390	(435,610)
NET CHANGE IN FUND BALANCE	-	10,913	28,883	17,970
Fund Balance - Beginning of Year	-	-	98,400	98,400
FUND BALANCE - END OF YEAR	\$ -	\$ 10,913	\$ 127,283	\$ 116,370