

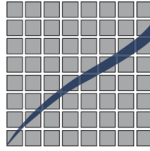
**HORIZON METROPOLITAN DISTRICT NO. 3
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**HORIZON METROPOLITAN DISTRICT NO. 3
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YEAR ENDED DECEMBER 31, 2022**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Horizon Metropolitan District No. 3

Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Horizon Metropolitan District No. 3 ("District"), as of and for the year ended December 31, 2022, 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, 2022, the respective changes in financial position, and the budgetary comparison for the general fund 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. 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.

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 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 a 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. Such 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.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
August 8, 2023

BASIC FINANCIAL STATEMENTS

**HORIZON METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Due from Other District	\$ 261
Receivable - County Treasurer	125
Property Tax Receivable	104
Total Assets	490
 LIABILITIES	
Due to Other District	287
Due to Other Government	99
Total Liabilities	386
 DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	104
Total Deferred Inflows of Resources	104
 NET POSITION	
Unrestricted	-
Total Net Position	\$ -

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,099	\$ -	\$ -	\$ -	
Intergovernmental Expenditures for Operations and Infrastructure Improvements	2,692	-	-	(2,692)	
Total Governmental Activities	\$ 3,791	\$ -	\$ -	(3,791)	
 GENERAL REVENUES					
Property Taxes				904	
Specific Ownership Taxes				753	
TIF Revenue from AURA				2,134	
Total General Revenues				3,791	
 CHANGE IN NET POSITION					
Net Position - Beginning of Year				-	
NET POSITION - END OF YEAR				\$ -	

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 3
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
ASSETS			
Due from HMD No. 1	\$ 63	\$ 198	\$ 261
Receivable - County Treasurer	36	89	125
Property Tax Receivable	31	73	104
Total Assets	\$ 130	\$ 360	\$ 490
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to HMD No. 2	\$ -	\$ 287	\$ 287
Due to City of Aurora	99	-	99
Total Liabilities	99	287	386
 DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	31	73	104
Total Deferred Inflows of Resources	31	73	104
 FUND BALANCE			
Total Fund Balances	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 130	\$ 360	\$ 490

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 9	\$ 23	\$ 32
Property Taxes - ARI	1	-	1
Specific Ownership Taxes	198	535	733
Specific Ownership Taxes - ARI	20	-	20
Property Taxes - TIF	792	-	792
Property Taxes - TIF - ARI	79	-	79
TIF Revenue from AURA	-	2,134	2,134
Total Revenues	<u>1,099</u>	<u>2,692</u>	<u>3,791</u>
EXPENDITURES			
Current:			
City of Aurora	99	-	99
Transfer to HMD No. 1	1,000	-	1,000
Transfer to HMD No. 2	-	2,692	2,692
Total Expenditures	<u>1,099</u>	<u>2,692</u>	<u>3,791</u>
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 3
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Final and Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 15	\$ 9	\$ (6)
Property Taxes - ARI	1	1	-
Specific Ownership Taxes	220	198	(22)
Specific Ownership Taxes ARI	22	20	(2)
Other Revenue	5,000	-	(5,000)
TIF Revenue from AURA	3,082	792	(2,290)
TIF Revenue from AURA - ARI	308	79	(229)
Total Revenues	8,648	1,099	(7,549)
EXPENDITURES			
Current:			
Contingency	5,000	-	5,000
City of Aurora	331	99	232
Transfer to HMD No. 1	3,317	1,000	2,317
Total Expenditures	8,648	1,099	7,549
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Horizon Metropolitan District No. 3 (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, 2, 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 has no employees, and all operations and administrative functions are contracted.

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

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.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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. 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

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 nonresidential use as defined. During 2022, the District did not collect any fees.

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, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

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.

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.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 AUTHORIZED DEBT

At December 31, 2022, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 5, 2005	Amount Authorized November 5, 2008	Total Authorized Used as of 12/31/2022	Authorized But Unissued
Street Improvements	\$ 150,000,000	\$ 750,000,000	\$ -	\$ 900,000,000
Traffic Safety	150,000,000	750,000,000	-	900,000,000
Water Supply	150,000,000	750,000,000	-	900,000,000
Sanitary Sewer and Transmission	150,000,000	750,000,000	-	900,000,000
Parks and Recreation	150,000,000	750,000,000	-	900,000,000
Mosquito Control	150,000,000	750,000,000	-	900,000,000
Fire Protection	150,000,000	750,000,000	-	900,000,000
Television Relay and Translation	150,000,000	750,000,000	-	900,000,000
Public Transportation	150,000,000	750,000,000	-	900,000,000
Solid Waste Disposal Facilities	-	750,000,000	-	750,000,000
General Operations and Maintenance	5,000,000	150,000,000	-	155,000,000
Refinancing of District Debt	150,000,000	750,000,000	-	900,000,000
Intergovernmental Contracts	150,000,000	750,000,000	-	900,000,000
Intergovernmental Contracts - Capital Projects	150,000,000	-	-	150,000,000
	<u>\$ 1,805,000,000</u>	<u>\$ 9,150,000,000</u>	<u>\$ -</u>	<u>\$ 10,955,000,000</u>

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.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 4 NET POSITION

The District has net position consisting of the following component: unrestricted.

The unrestricted component of net position is the net amounts of the assets, deferred outflows of resources, liabilities, and deferred inflow of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District's unrestricted net position as of December 31, 2022, is \$-0-.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 RELATED PARTY

The Developer of the property which constitutes the District is Lendlease Corporation (the Developer). 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.

NOTE 6 AGREEMENTS

Facilities, Funding, Construction and Operation Agreement

Effective November 30, 2017 and as amended August 6, 2020, the District and Horizon Metropolitan District No. 1 (District No. 1) and District No. 2 entered into the Facilities Funding, Construction and Operation Agreement (FFCO). The FFCO establishes District No. 1's responsibility, as the operating district, for constructing, designing, financing, and operating the public improvements that benefit the District, District No. 1 and District No. 2, and establishes the District and District No. 2's obligation, as the taxing districts, to pay for the services and benefits of the public improvements received from District No. 1. The FFCO further provides that District No. 1 will own, operate, maintain, finance and construct certain public improvements and that the District and District No. 1 and District No. 2 will contribute to the costs of construction, operation, management and maintenance of the public improvements. District No. 1 will also provide for the operation, maintenance, and administrative services of the District and District No. 1 and District No. 2.

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.

**HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 AGREEMENTS (CONTINUED)

Cooperation Agreement

Effective June 15, 2021, the District and Horizon Metropolitan Districts Nos. 1-6 entered into a Cooperation Agreement. Per the Cooperation Agreement, AURA agrees that any revenues, including any Tax Increment Revenues, which is attributable to the Districts current and future levy of ad valorem taxes on real and personal property or as a result of the imposition of specific ownership tax on vehicles and would otherwise be payable to the Horizon Metropolitan Districts Nos. 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. 2 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 Nos. 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 7 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 (the 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 8 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.

HORIZON METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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

**HORIZON METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Final and Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 39	\$ 23	\$ (16)
Specific Ownership Taxes	593	535	(58)
Other Revenue	5,000	-	(5,000)
TIF Revenue from AURA	8,305	2,134	(6,171)
Total Revenues	<u>13,937</u>	<u>2,692</u>	<u>(11,245)</u>
EXPENDITURES			
County Treasurer's Fee	1	-	1
Contingency	5,000	-	5,000
Transfer to HMD No. 2	8,936	2,692	6,244
Total Expenditures	<u>13,937</u>	<u>2,692</u>	<u>11,245</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER INFORMATION

**HORIZON METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Year	Prior Year Assessed Valuation for Current Year Tax Levy	General	Mills Levied			Total Property Taxes		Percent Collected to Levied
			Debt Service	ARI	Levied	Collected		
2018/2019	\$ 55	0.000	0.000	0.000	\$ -	\$ -	0.00%	
2019/2020	1	0.000	0.000	0.000	-	-	0.00	
2020/2021	448	40.000	0.000	0.000	18	18	100.00	
2021/2022	1,303	11.132	30.000	1.113	55	33	0.600	
2022/2023	2,425	11.696	30.000	1.168	104			

NOTE:

Property taxes shown as collected in any one year may include collection of delinquent property taxes assessed in prior years. This presentation does not attempt to identify specific year of assessment.