

**HORIZON METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR YEAR ENDING DECEMBER 31, 2022**

**HORIZON METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

12/8/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property Taxes	1,483	556	2,027
Property Taxes - ARI	-	-	34
Specific Ownership Taxes	4,246	8,152	30,729
Specific Ownership Taxes - ARI	-	-	512
Bond Issuance	-	25,247,000	-
Other Revenue	-	-	5,000
TIF Revenue from AURA	-	136,009	430,404
TIF Revenue from AURA - ARI	-	-	7,172
Transfer from HMD No. 3	-	-	8,936
Total revenues	<u>5,729</u>	<u>25,391,717</u>	<u>484,814</u>
Total funds available	<u>5,729</u>	<u>25,391,717</u>	<u>484,814</u>
EXPENDITURES			
General Fund	5,729	144,717	89,906
Debt Service Fund	-	-	213,539
Capital Projects Fund	-	25,247,000	-
Total expenditures	<u>5,729</u>	<u>25,391,717</u>	<u>303,446</u>
Total expenditures and transfers out requiring appropriation	<u>5,729</u>	<u>25,391,717</u>	<u>303,446</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,368</u>

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2  
PROPERTY TAX SUMMARY INFORMATION  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

12/8/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
<b>ASSESSED VALUATION</b>			
Residential	\$ -	\$ -	\$ 737,731
Agricultural	53	-	29
Vacant land	912,502	2,075,478	5,800,904
Personal	-	-	33,350
	<u>912,555</u>	<u>2,075,478</u>	<u>6,572,014</u>
Adjustments	(889,717)	(2,067,187)	(6,541,679)
Certified Assessed Value	<u>\$ 22,838</u>	<u>\$ 8,291</u>	<u>\$ 30,335</u>
<b>MILL LEVY</b>			
General	65.664	66.796	11.132
ARI	0.000	0.000	1.113
Debt Service	0.000	0.000	55.664
Total mill levy	<u>65.664</u>	<u>66.796</u>	<u>67.909</u>
<b>PROPERTY TAXES</b>			
General	\$ 1,500	\$ 554	\$ 338
ARI	-	-	34
Debt Service	-	-	1,689
Levied property taxes	<u>1,500</u>	<u>554</u>	<u>2,061</u>
Adjustments to actual/rounding	(17)	2	-
Budgeted property taxes	<u>\$ 1,483</u>	<u>\$ 556</u>	<u>\$ 2,061</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 1,483	\$ 556	\$ 338
ARI	-	-	34
Debt Service	-	-	1,689
	<u>\$ 1,483</u>	<u>\$ 556</u>	<u>\$ 2,061</u>

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

12/8/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
<b>REVENUES</b>			
Property Taxes	1,483	556	338
Property Taxes - ARI	-	-	34
Specific Ownership Taxes	4,246	8,152	5,121
Specific Ownership Taxes - ARI	-	-	512
Other Revenue	-	-	5,000
TIF Revenue from AURA	-	136,009	71,730
TIF Revenue from AURA - ARI	-	-	7,172
Total revenues	5,729	144,717	89,907
Total funds available	5,729	144,717	89,907
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's Fee	5	1,962	5
Contingency	-	-	5,000
City of Aurora	-	-	7,718
Transfer to HMD No. 1	5,724	142,755	77,184
Total expenditures	5,729	144,717	89,907
Total expenditures and transfers out requiring appropriation	5,729	144,717	89,907
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2  
DEBT SERVICE FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

12/8/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Taxes	-	-	1,689
Specific Ownership Taxes	-	-	25,608
TIF Revenue from AURA	-	-	358,674
Transfers from HMD No. 3	-	-	8,936
Total revenues	<u>-</u>	<u>-</u>	<u>394,907</u>
Total funds available	<u>-</u>	<u>-</u>	<u>394,907</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	-	-	5,620
2021A Bond Interest	-	-	207,919
Total expenditures	<u>-</u>	<u>-</u>	<u>213,539</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>213,539</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,368</u>

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

12/8/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Bond Issuance	-	25,247,000	-
Total revenues	-	25,247,000	-
Total funds available	-	25,247,000	-
EXPENDITURES			
Bond Issue Costs	-	864,970	-
Transfer to HMD No. 1	-	24,382,030	-
Total expenditures	-	25,247,000	-
Total expenditures and transfers out requiring appropriation	-	25,247,000	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HORIZON METROPOLITAN DISTRICT NO. 2  
2022 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. As of December 31, 2019, the adjusted Maximum Debt Mill Levy is 55.664 mills. 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  
2022 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.

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 7.0% 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.

**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 1.5% of property tax collections.



**HORIZON METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (continued)**

**Intergovernmental Expenditures – Transfer to Other Districts**

The District is obligated to impose a mill levy, subject to certain adjustments, and remit property taxes derived from such mill levy, and specific ownership taxes applicable to property within the District, after deducting administrative expenditures to the Operating District, District No. 1.

**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, 2051. 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.

"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.

**HORIZON METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

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  
2022 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% 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 2022 Budget.

**This information is an integral part of the accompanying budget.**