

ANNUAL INFORMATION REPORT
FOR THE YEAR 2021
HM METROPOLITAN DISTRICT NO. 1

Pursuant to Section VII of the Service Plan of HM Metropolitan District No. 1 (“District”) approved by the City of Aurora, Colorado on June 7, 2019 (the “Service Plan”), the following report of the District’s activities from January 1, 2021 to December 31, 2021 is hereby submitted.

1. **Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.**

The District had inclusions and exclusion with boundary changes prior to December 31, 2021. A copy of the current District boundary map is attached hereto as **Exhibit A**.

2. **Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.**

Intergovernmental Agreement – Regarding Cost Sharing and Reimbursement Agreement for the Harvest Avenue Phase 1 Designing: On July 5, 2021 the District and Velocity Metropolitan District No. 1 entered into this Agreement.

Intergovernmental Agreement – Regarding Cost Sharing and Reimbursement Agreement for 56th Avenue Designing: On September 10, 2021 the District and Windler Public Improvement District entered into this Agreement.

Facilities Funding, Construction and Operations Agreement: On December 1, 2021, the District and HM Metropolitan District Nos. 2, 4, 5, 6, 7, 8, and 9 entered into this Agreement

2020 Facilities Funding and Reimbursement Agreement – Assignment. On December 13, 2021, the District and HM Metropolitan District No. 2 approved the Assignment of the Agreement.

3. **Copies of the District’s rules and regulations, if any as of December 31 of the prior year.**

The District has no rules and regulations as of December 31, 2021.

4. **A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.**

The District was not involved in any litigation regarding District Public Improvements as of December 31, 2021.

5. **Status of the District’s construction of the Public Improvements as of December 31 of the prior year.**

Construction commenced on projects to build 64th Avenue and Denali Street for the HM Metropolitan Districts as of December 31, 2021. The project to build 64th Ave (from Denali Street to Harvest Road) is a regional project and is managed by the 64th Ave ARI Authority. The project to build Denali Street (from 60th Ave to 66th Ave) is a cost sharing project managed by CIC 7. A project was awarded by HM Metropolitan District No. 1 to Mortenson Construction to improve the Second Creek drainage, install the 30-inch diameter Second Creek sanitary sewer, and build 60th Avenue from Harvest Road to a point west of Denali Street in November 2021. An order for long lead materials to support this project was placed in November 2021. Payment for these materials was not made until they arrived on site and work started in the field, which was in February 2022.

6. **A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.**

The District has no construction or Public Improvements dedicated to the City as of December 31, 2021.

7. **The assessed valuation of the District for the current year.**

A copy of the 2021 certification of assessed valuation from Adams County is attached hereto as **Exhibit B**.

8. **Current year budget including a description of the Public Improvements to be constructed in such year.**

A copy of the 2022 Budget is attached hereto as **Exhibit C**.

9. **Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.**

The District's 2021 Audit is attached as **Exhibit D**.

10. **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument.**

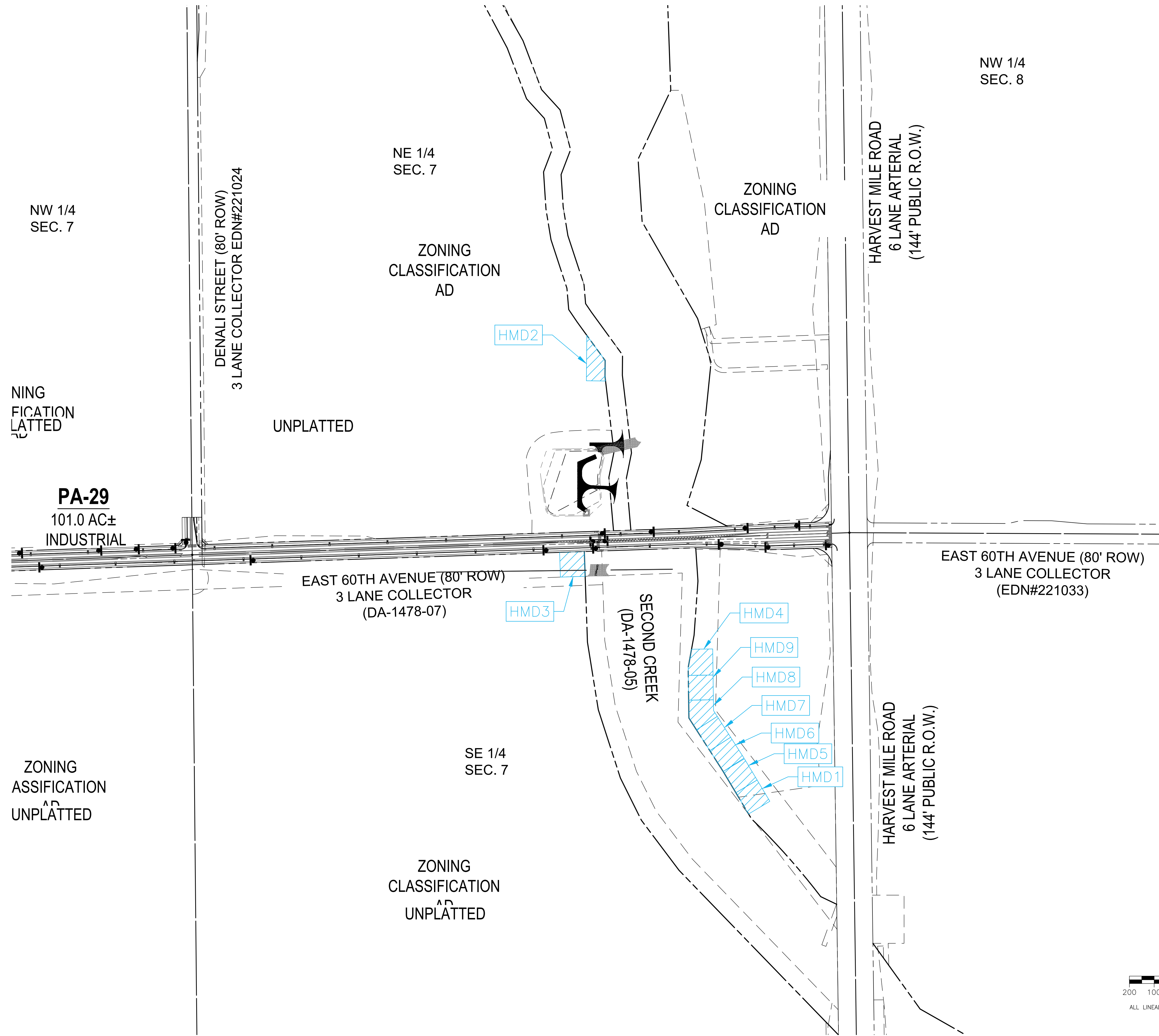
The District has no uncured events of default.

11. **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.**

The District is not subject to any inability to pay its obligations.

EXHIBIT A
Current District Boundary Map

PLOT DATE: Thursday, December 2, 2021 1:40 PM LAST SAVED BY: DLE
 DRAWING LOCATION: G:\HORN\20.0851-Box Elder - Offsite Improvements\ENG\LEGALS\DISTRICT PARCELS\DISTRICT PARCELS.dwg



Job Number: 19.0281
 Project Manager: P.HORN
 Design By: DLE
 Drawn By: DLE
 Principal In Charge: P.HORN

No.	Issue / Revision	Date	Name
1	EXHIBIT	08/23/21	MM
2	UPDATE AREA	08/26/21	M/M
3	UPDATE DISTRICT AREAS	09/01/21	M/M
4	ADJUSTED MHD4	09/13/21	M/M

Sheet Number: 1

MARTIN/MARTIN
 CONSULTING ENGINEERS
 12499 WEST COLFAX AVENUE, LAKEWOOD, COLORADO 80215
 303.431.6100 MARTINMARTIN.COM

BOX ELDER
 METRO DISTRICT PARCELS

NOT FOR CONSTRUCTION

THE DESIGNS SHOWN HEREIN INCLUDING ALL TECHNICAL DRAWINGS, SPECIFICATIONS, AND NOTES, ARE THE PROPERTY OF MARTIN/MARTIN, INC. AND ARE NOT TO BE REPRODUCED, COPIED, OR OTHERWISE USED IN WHOLE OR IN PART WITHOUT THE SOLE AND EXPRESS WRITTEN PERMISSION FROM MARTIN/MARTIN, INC.

EXHIBIT B
2021 Assessed Valuation

CERTIFICATION OF VALUATION BY ADAMS COUNTY ASSESSOR

Name of Jurisdiction: **483 - HM METROPOLITAN DISTRICT NO 1**

IN ADAMS COUNTY ON 11/30/2021

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2021 IN ADAMS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$10
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$10
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$10
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b) C.R.S.): ##	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2021 IN ADAMS COUNTY, COLORADO ON AUGUST 25, 2021

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$1
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2021

IN ACCORDANCE WITH 39-5-128(1.5) C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.	

EXHIBIT C
2022 Budget

HM METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**HM METROPOLITAN DISTRICT NO. 1
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ (55,416)	\$ 616,537
REVENUES			
Developer advance	592,955	1,435,010	97,145,000
Developer contribution	42,270	30,000	-
Interest income	250	-	-
Transfers from District No. 2	-	4,100,943	40,000,000
Transfers from District No. 3	-	-	24,000,000
Other revenue	-	1,220,000	50,000
Total revenues	<u>635,475</u>	<u>6,785,953</u>	<u>161,195,000</u>
Total funds available	<u>635,475</u>	<u>6,730,537</u>	<u>185,811,537</u>
EXPENDITURES			
General Fund	46,845	114,000	145,000
Capital Projects Fund	644,046	6,000,000	185,666,537
Total expenditures	<u>690,891</u>	<u>6,114,000</u>	<u>185,811,537</u>
Total expenditures and transfers out requiring appropriation	<u>690,891</u>	<u>6,114,000</u>	<u>185,811,537</u>
ENDING FUND BALANCES	<u>\$ (55,416)</u>	<u>\$ 616,537</u>	<u>\$ -</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ -
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HM METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Agricultural	\$ 10	\$ 10	\$ 10
Certified Assessed Value	\$ 10	\$ 10	\$ 10
 MILL LEVY			
Total mill levy	0.000	0.000	0.000
 PROPERTY TAXES			
Budgeted property taxes	\$ -	\$ -	\$ -
 BUDGETED PROPERTY TAXES			
	\$ -	\$ -	\$ -

**HM METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ (16,461)	\$ -
REVENUES			
Developer advance	30,134	130,461	145,000
Interest income	250	-	-
Total revenues	<u>30,384</u>	<u>130,461</u>	<u>145,000</u>
Total funds available	<u>30,384</u>	<u>114,000</u>	<u>145,000</u>
EXPENDITURES			
General and administrative			
Accounting	17,090	27,000	45,500
Auditing	-	-	10,800
Contingency	-	1,621	4,700
District management	7,649	11,500	25,000
Dues	600	551	1,000
Repay developer advance	-	1,250	-
Insurance	-	7,578	8,000
Legal	21,285	64,500	50,000
Miscellaneous	221	-	-
Total expenditures	<u>46,845</u>	<u>114,000</u>	<u>145,000</u>
Total expenditures and transfers out requiring appropriation	<u>46,845</u>	<u>114,000</u>	<u>145,000</u>
ENDING FUND BALANCE	<u>\$ (16,461)</u>	<u>\$ -</u>	<u>\$ -</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HM METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ (38,955)	\$ 616,537
REVENUES			
Developer advance	562,821	1,304,549	97,000,000
Developer contribution	42,270	30,000	-
Transfers from District No. 2	-	4,100,943	40,000,000
Transfers from District No. 3	-	-	24,000,000
Other revenue	-	1,220,000	50,000
Total revenues	605,091	6,655,492	161,050,000
Total funds available	605,091	6,616,537	185,666,537
EXPENDITURES			
Capital Projects			
Accounting	-	16,000	30,000
Legal	22,278	20,000	50,000
Capital outlay	579,249	3,500,000	175,536,537
Contingency	-	485,364	10,000,000
Engineering - Cost Verification	30,240	4,000	50,000
Landscaping	12,279	-	-
Repay developer advance	-	1,974,636	-
Total expenditures	644,046	6,000,000	185,666,537
Total expenditures and transfers out requiring appropriation	644,046	6,000,000	185,666,537
ENDING FUND BALANCE	\$ (38,955)	\$ 616,537	\$ -

**HM METRO DISTRICT NO. 1
2022 ADOPTED 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 Adams County on November 22, 2019 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Aurora. The District's service area is located in Aurora.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including street, safety protection, park and recreation, transportation, retaining walls, trails, open space, landscaping, drainage improvements, and irrigation system improvements.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$500,000,000. 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, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes Section 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.

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

Revenues

Developer Advances

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the Districts' administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to streetscape, ponds and weeds, snow removal, and utilities were also included in the General Fund budget.

**HM METRO DISTRICT NO. 1
2022 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures – (continued)

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

Developer Advance

The District has outstanding Developer advances. The anticipated Developer advances are as follows:

	Balance - December 31, 2020	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2021 *	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2022 *
Governmental Activities:							
Developer Advances:							
Operations	\$ 30,134	\$ 130,461	\$ -	\$ 160,595	\$ 145,000	\$ -	\$ 305,595
Capital	562,821	1,304,549	1,867,370	-	97,000,000	-	97,000,000
Accrued Interest on Developer Advances:							
Operations	794	6,989	1,250	6,533	18,163	-	24,696
Capital	2,287	104,979	107,266	-	3,911,890	-	3,911,890
Total	<u>\$ 596,036</u>	<u>\$ 1,546,978</u>	<u>\$ 1,975,886</u>	<u>\$ 167,128</u>	<u>\$ 101,075,053</u>	<u>\$ -</u>	<u>\$ 101,242,181</u>

*Estimated balances

Reserves

Emergency Reserves

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.

EXHIBIT D
2021 Audit

**HM METROPOLITAN DISTRICT NO. 1
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**HM METROPOLITAN DISTRICT NO. 1
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Board of Directors
HM Metropolitan District No. 1
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of HM Metropolitan District No. 1 (the "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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of HM Metropolitan District No. 1 as of December 31, 2021, and the respective changes in financial position and the respective 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 (GAAP), 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS, 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 Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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, who 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 listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

July 27, 2022

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 531,920
Cash and Investments - Restricted	450,561
Accounts Receivable	214,400
Receivable from Developer	15,636
Receivable from HM Metropolitan District No. 3	485,111
Prepaid Expenses	7,578
Capital Assets, Not Being Depreciated	<u>1,827,400</u>
Total Assets	<u>3,532,606</u>
LIABILITIES	
Accounts Payable	541,441
Payable to HM Metropolitan District No. 2	2,533
Payable to Developer	28,480
Noncurrent Liabilities:	
Due in More Than One Year	<u>137,256</u>
Total Liabilities	<u>709,710</u>
NET POSITION	
Net Investment in Capital Assets	1,827,400
Restricted For:	
Emergency Reserves	16,600
Capital Projects	642,433
Unrestricted	<u>336,463</u>
Total Net Position	<u><u>\$ 2,822,896</u></u>

See accompanying Notes to Basic Financial Statements.

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

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 211,951	\$ -	\$ 3,010,650	\$ 573,664	\$ 3,372,363
Interest and Related Costs on Long-Term Debt	111,864	-	-	-	(111,864)
Total Governmental Activities	\$ 323,815	\$ -	\$ 3,010,650	\$ 573,664	3,260,499
GENERAL REVENUES					
Other Revenue					213,849
Total General Revenues					213,849
CHANGE IN NET POSITION					3,474,348
Net Position - Beginning of Year					(651,452)
NET POSITION - END OF YEAR					\$ 2,822,896

See accompanying Notes to Basic Financial Statements.

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

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 531,920	\$ -	\$ 531,920
Cash and Investments - Restricted	16,600	433,961	450,561
Accounts Receivable	551	213,849	214,400
Receivable from Developer	-	15,636	15,636
Receivable from HM Metropolitan District No. 3	-	485,111	485,111
Prepaid Expenses	7,578	-	7,578
	<u>556,649</u>	<u>1,148,557</u>	<u>1,705,206</u>
Total Assets	\$ 556,649	\$ 1,148,557	\$ 1,705,206
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 63,797	\$ 477,644	\$ 541,441
Payable to Developer	-	28,480	28,480
Payable to HM Metropolitan District No. 2	2,533	-	2,533
Total Liabilities	<u>66,330</u>	<u>506,124</u>	<u>572,454</u>
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	7,578	-	7,578
Restricted For:			
Emergency Reserves	16,600	-	16,600
Capital Projects	-	642,433	642,433
Unassigned	466,141	-	466,141
Total Fund Balances	<u>490,319</u>	<u>642,433</u>	<u>1,132,752</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 556,649</u>	<u>\$ 1,148,557</u>	
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, Not Being Depreciated			1,827,400
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Developer Advances Payable			(130,827)
Developer Advance Interest Payable			(6,429)
Net Position of Governmental Activities			<u>\$ 2,822,896</u>

See accompanying Notes to Basic Financial Statements.

HM 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			
Other Revenue	\$ -	\$ 213,849	\$ 213,849
Transfers from District No. 3	-	485,111	485,111
Transfers from District No. 2	-	1,974,636	1,974,636
Xcel Cash-In-Lieu Payment	550,903	550,903	1,101,806
Total Revenues	<u>550,903</u>	<u>3,224,499</u>	<u>3,775,402</u>
EXPENDITURES			
General:			
Accounting	28,894	12,172	41,066
District Management	19,187	-	19,187
Dues and Licenses	551	-	551
Insurance	7,578	-	7,578
Legal	87,251	56,213	143,464
Miscellaneous	105	-	105
Capital:			
Capital Outlay	-	1,824,325	1,824,325
Engineering	-	3,075	3,075
Total Expenditures	<u>143,566</u>	<u>1,895,785</u>	<u>2,039,351</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	407,337	1,328,714	1,736,051
OTHER FINANCING SOURCES (USES)			
Developer Advance	100,693	1,304,549	1,405,242
Developer Contribution	-	22,761	22,761
Repay Developer Advance	(1,250)	(1,974,636)	(1,975,886)
Total Other Financing Sources (Uses)	<u>99,443</u>	<u>(647,326)</u>	<u>(547,883)</u>
NET CHANGE IN FUND BALANCES	506,780	681,388	1,188,168
Fund Balances - Beginning of Year	<u>(16,461)</u>	<u>(38,955)</u>	<u>(55,416)</u>
FUND BALANCES - END OF YEAR	<u>\$ 490,319</u>	<u>\$ 642,433</u>	<u>\$ 1,132,752</u>

See accompanying Notes to Basic Financial Statements.

**HM 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 - Governmental Funds \$ 1,188,168

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 any cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 1,827,400

Long-term debt (e.g., bonds, Developer advances) 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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, 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 (1,405,242)

Repay Developer Advance 1,975,886

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.

Accrued Interest on Developer Advances (111,864)

Change in Net Position of Governmental Activities \$ 3,474,348

**HM METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	\$ 2,500	\$ -	\$ -	\$ -
Xcel Cash-In-Lieu Payment	-	550,903	550,903	-
Total Revenues	<u>2,500</u>	<u>550,903</u>	<u>550,903</u>	<u>-</u>
EXPENDITURES				
Accounting	23,000	28,894	28,894	-
Audit	5,000	-	-	-
Contingency	7,250	-	-	-
District Management	7,000	19,187	19,187	-
Dues and Licenses	750	551	551	-
Insurance	-	7,578	7,578	-
Legal	35,000	87,251	87,251	-
Miscellaneous	-	105	105	-
Total Expenditures	<u>78,000</u>	<u>143,566</u>	<u>143,566</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(75,500)	407,337	407,337	-
OTHER FINANCING SOURCES (USES)				
Developer Advance	75,000	100,693	100,693	-
Repay Developer Advance	-	(1,250)	(1,250)	-
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>99,443</u>	<u>99,443</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(500)	506,780	506,780	-
Fund Balance - Beginning of Year	<u>17,550</u>	<u>(16,461)</u>	<u>(16,461)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,050</u>	<u>\$ 490,319</u>	<u>\$ 490,319</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

HM Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Adams County, Colorado on November 22, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Aurora. The District is located in Aurora.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including street, safety protection, park and recreation, transportation, retaining walls, trails, open space, landscaping, drainage improvements, and irrigation system improvements.

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 property 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.

HM 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)

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 as general revenues.

Separate financial statements are provided for the 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 of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes and operations fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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.

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

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 and other financing uses 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 amended its annual budget for the year ended December 31, 2021.

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 and investments.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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

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	\$ 531,920
Cash and Investments - Restricted	450,561
Total Cash and Investments	<u>\$ 982,481</u>

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

Deposits with Financial Institutions	\$ 982,481
Total Cash and Investments	<u>\$ 982,481</u>

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 and carrying balance of \$982,481.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2021, the District had no investments.

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 1,827,400	\$ -	\$ 1,827,400
Capital Assets, Net	<u>\$ -</u>	<u>\$ 1,827,400</u>	<u>\$ -</u>	<u>\$ 1,827,400</u>

Upon completion and acceptance, all fixed capital assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

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

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2020	Additions	Retirements	Balance - December 31, 2021	Due Within One Year
Governmental Activities:					
Developer Advances:					
Operations	\$ 30,134	\$ 100,693	\$ -	\$ 130,827	\$ -
Capital	562,821	1,304,549	1,867,370	-	-
Accrued Interest on					
Developer Advances:					
Operations	794	6,885	1,250	6,429	-
Capital	2,287	104,979	107,266	-	-
Total	<u>\$ 596,036</u>	<u>\$ 1,517,106</u>	<u>\$ 1,975,886</u>	<u>\$ 137,256</u>	<u>\$ -</u>

Developer Advances

Operation Funding Agreement

The District entered into a 2021-2022 Operation Funding Agreement with L.C. Fulenwider, Inc. (Developer) on December 1, 2021 (OFA). Pursuant to the OFA, the Developer will provide advances to the District up to \$230,000 (Shortfall Amount) to pay for operations, maintenance, and administrative expenses pursuant to the terms of the OFA. Under the OFA, the Developer's obligation to fund the Shortfall Advances terminates on December 31, 2022. The advances will bear an interest rate of 8%. As of December 31, 2021, the amount outstanding totaled \$137,256, comprised of principal \$130,827 and accrued interest of \$6,429.

Facilities Funding and Acquisition Agreement

The District entered into a 2019-2025 Facilities Funding and Acquisition Agreement (FFAA) with the Developer on December 2, 2020, with an effective date of November 22, 2019. Pursuant to the FFAA, the Developer will provide advances to the District up to \$25,000,000 (Developer Advance) for the payment of funds related to the design, testing, engineering, and construction of improvements within the District, together with the related consultant and management fees associated with the construction of the improvements. The Developer Advances will bear an interest rate of 8%. As of December 31, 2021, there was no outstanding amount.

Assignment of Facilities Funding and Reimbursement Agreement

On December 13, 2021 HM Metropolitan District No. 2 assigned the 2020 Facilities Funding and Reimbursement Agreement (FFRA) to the District. HM Metropolitan District No. 2 entered into the FFRA with the Developer on October 7, 2020. Pursuant to the FFRA, the Developer will provide advances to the District up to \$1,250,000.00 ("Developer Advance") for the payment of funds related to the design, testing, engineering, and construction of improvements within the District, together with the related consultant and management fees associated with the construction of the improvements. The Developer Advances will bear an interest rate of 8%. As of December 31, 2021, there was no outstanding amount.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

On November 5, 2019 the District's voters authorized total indebtedness of \$6,500,000,000.

As of December 31, 2021, the District had \$500,000,000 remaining authority under the Service Plan.

NOTE 6 AGREEMENTS

Facilities Funding, Construction, and Operations Intergovernmental Agreement

On December 1, 2021, the District (the Maintenance District) entered into an agreement with HM Metropolitan District Nos. 2, 4, 5, 6, 7, 8, and 9 (collectively, the Taxing Districts). Under this agreement, the Maintenance District will own, operate, maintain, finance, and construct certain Public Improvements and the Taxing Districts will contribute to the costs of such Public Improvements. The Board of each District is to determine Public Improvements.

Per this agreement upon issuance of Bonds, the Taxing District shall remit Bond proceeds to the Maintenance District to reimburse Developer Advances for Public Improvements and fund additional actual capital costs in connection with Public Improvements necessary for development.

During 2021, the Taxing Districts transferred \$2,459,747 to the Maintenance District under this agreement.

Intergovernmental Agreement Regarding Cost Sharing of Harvest Road between 56th Avenue and 64th Avenue Design (Harvest Road Cost Sharing IGA)

On July 5, 2021, the District entered into the Cost Sharing IGA with Velocity Metropolitan District No. 1 (Velocity) whereas the District and Velocity will share the costs of the design of Harvest Road between 56th Avenue and 64th Avenue. Pursuant to the Harvest Road Cost Sharing IGA, the District will engage with consultants to provide services directly related to the design of Harvest Road between 56th Avenue and 64th Avenue and invoice Velocity for their 50% share. The Harvest Road Cost Sharing IGA will terminate upon completion of the design, approval of such design by the District and Velocity, and payment of all outstanding invoices.

Intergovernmental Agreement Regarding Cost Sharing of Denali Street Design from 66th Avenue to 68th Avenue Design (Denali Street Cost Sharing IGA)

On April 12, 2021, the District entered into the Cost Sharing IGA with Highpoint Bulwip Acquisitions LLC (Hyde) whereas the District and Hyde will share the costs of the design of Denali Street between 66th Avenue and 68th Avenue. Pursuant to the Denali Street Cost Sharing IGA, Hyde will engage with consultants to provide services directly related to the design of Denali Street between 66th Avenue and 68th Avenue and invoice the District for their proportion of design costs. The Denali Street Cost Sharing IGA will terminate upon completion of the design, approval of such design by the District and Hyde, and payment of all outstanding invoices.

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

NOTE 6 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding Cost Sharing of 60th Avenue Design (60th Avenue Cost Sharing IGA)

On November 16, 2020, the District entered the Cost Sharing IGA with Hyde whereas the District and Hyde will share the costs of the design of 60th Avenue. Pursuant to the 60th Avenue Cost Sharing IGA, the District will engage with consultants to provide services directly related to the design of 60th Avenue and invoice Hyde for their proportion of design costs. The 60th Avenue Cost Sharing IGA will terminate upon completion of the design, approval of such design by the District and Hyde, and payment of all outstanding invoices.

Intergovernmental Agreement Regarding Cost Sharing of 56th Avenue from E-470 on the West to Harvest Road on the East (56th Avenue Cost Sharing IGA)

On September 10, 2021, the District entered the Cost Sharing IGA with Windler Public Improvement Authority (Authority) whereas the District and the Authority will share the costs of the design of 56th Avenue from E-470 on the west to Harvest Road on the east. Pursuant to the 56th Avenue Cost Sharing IGA, the Authority will engage with consultants to provide services directly related to the design of 56th Avenue from E-470 on the west to Harvest Road on the east and invoice the District for their 50% share of design costs. The 56th Avenue Cost Sharing IGA will terminate upon completion of the design, approval of such design by the District and the Authority, and payment of all outstanding invoices.

Intergovernmental Agreement Regarding Cost Sharing of Denali Street between 60th Avenue and 66th Avenue (Denali Street Portion 1 Cost Sharing IGA)

On August 20, 2020, the District entered the Cost Sharing IGA with Colorado International Center Metropolitan District No. 11 (CIC) whereas the District and CIC will share the costs of the design of Denali Street between 60th Avenue and 66th Avenue. Pursuant to the Denali Street Portion 1 Cost Sharing IGA, CIC will engage with consultants to provide services directly related to the design of Denali Street between 60th Avenue and 66th Avenue and invoice the District for their 50% share of design costs. The Denali Street Portion 1 Cost Sharing IGA will terminate upon completion of the design, approval of such design by the District and the Authority, and payment of all outstanding invoices.

NOTE 7 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. As of December 31, 2021, the District had a net investment in capital assets of \$1,827,400.

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

NOTE 7 NET POSITION (CONTINUED)

Restricted net position includes assets 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:

Restricted Net Position:	
Emergency Reserves	\$ 16,600
Capital Projects	<u>642,433</u>
Total Restricted Net Position	<u><u>\$ 659,033</u></u>

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is L.C. Fulenwider Inc. Certain 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 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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, workers' compensation, 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.

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

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.

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

**HM METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	\$ -	\$ 150,000	\$ 213,849	\$ 63,849
Transfers from District No. 3	-	-	485,111	485,111
Transfers from District No. 2	-	1,974,636	1,974,636	-
Xcel Cash-In-Lieu Payment	-	550,903	550,903	-
Total Revenues	-	2,675,539	3,224,499	548,960
EXPENDITURES				
Accounting	-	12,172	12,172	-
Capital Outlay	1,952,378	1,824,904	1,824,325	579
Contingency	1,125,906	-	-	-
Engineering	51,800	3,075	3,075	-
Fees and Permits	305,600	-	-	-
Legal	-	56,213	56,213	-
Project Overhead	148,406	-	-	-
Transfers to the Authority - 64th Ave	15,057	-	-	-
Total Expenditures	3,599,147	1,896,364	1,895,785	579
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(3,599,147)	779,175	1,328,714	549,539
OTHER FINANCING SOURCES (USES)				
Developer Advance	3,599,147	1,304,549	1,304,549	-
Developer Contribution	-	51,241	22,761	(28,480)
Repay Developer Advance	-	(1,974,636)	(1,974,636)	-
Total Other Financing Sources (Uses)	3,599,147	(618,846)	(647,326)	(28,480)
NET CHANGE IN FUND BALANCE				
	-	160,329	681,388	521,059
Fund Balance - Beginning of Year	-	(38,955)	(38,955)	-
FUND BALANCE - END OF YEAR	\$ -	\$ 121,374	\$ 642,433	\$ 521,059

**HM METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
		General	Levied	Collected	
2020	\$ 10	0.000	\$ -	\$ -	N/A
2021	10	0.000	-	-	N/A
Estimated for the Year Ending December 31, 2022	\$ 10	0.000	\$ -		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.