

**HM METROPOLITAN DISTRICT NO. 3
CITY OF AURORA, COLORADO
2023 ANNUAL REPORT**

Manager, Office of Development Assistance
City of Aurora, Colorado
via Email

Division of Local Government
via E-Filing Portal
1313 Sherman Street
Room 521
Denver, Colorado 80203

Office of the State Auditor
via E-Filing Portal
1525 Sherman Street, 7th Floor
Denver, Colorado 80203

Adams County Clerk and Recorder
via Email

Pursuant to Section VIII of the Service Plan for the HM Metropolitan District No. 3 (the “**District**”) and pursuant to 32-1-207(3)(c)(I), C.R.S., the District is required to submit an annual report (the “**Report**”) for the preceding calendar year to the Manager of the Office of Development Assistance of the City of Aurora, Colorado (the “**City**”), the Colorado Division of Local Government, the Colorado State Auditor, and the Adams County Clerk and Recorder; the Report must also be posted on the District’s website, if applicable.

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

There were no changes made to the District’s boundaries during fiscal year 2023.

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

The District did not terminate, enter into, or receive any proposed intergovernmental agreements as of December 31, 2023.

3. A copy of the District’s rules and regulations, if any as of December 31 of the prior year and access information to obtain a copy of the rules and regulations:

The District has not adopted rules and regulations as of December 31, 2023.

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

There was no litigation, pending or threatened, against the District of which we are aware.

5. Status of the District's construction of the Public Improvements as of December 31 of the prior year:

The project to improve the Second Creek drainage and install the 30-inch diameter Second Creek sanitary sewer are completed and have been accepted by the City of Aurora. The project to build 60th Avenue from Harvest Road to a point west of Denali Street has been completed with the exception of Xcel's installation of a meter for the streetlights. Construction of Harvest Road from 56th Avenue to 64th Avenue and 56th Avenue from E470 to Harvest is ongoing with completion expected in 2025.

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:

HM Metropolitan District No. 1 is using funding from HM Metropolitan District No. 2. HM Metropolitan District No. 3 has completed the 30-inch sewer line in Second Creek and improvements to Second Creek and both projects have been accepted by the City.

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

The 2023 total assessed value of taxable property within the boundaries of the District is \$11,770.

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

A copy of the 2024 Budget is attached hereto as Exhibit A.

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 2023 audited financials are not currently available and will be provided to the City as a supplement to this report.

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

There were no uncured events of default during the reporting period.

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:

There were no instances of the District's inability to pay its obligations during the reporting period.

Respectfully submitted this 10th day of July, 2024.

HM METROPOLITAN DISTRICT NO. 3

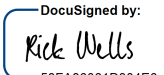
By:  _____
Chair

EXHIBIT A

2024 BUDGET

HM METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**HM METROPOLITAN DISTRICT NO. 3
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/15/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (485,111)	\$ 16,212,649	\$ 11,564,898
REVENUES			
Property taxes	-	66	59
Specific ownership taxes	-	3	4
Land sale	24,218,088	-	-
Interest income	-	345,000	450,000
Developer advance	-	49,000	50,000
Total revenues	<u>24,218,088</u>	<u>394,069</u>	<u>500,063</u>
Total funds available	<u>23,732,977</u>	<u>16,606,718</u>	<u>12,064,961</u>
EXPENDITURES			
General Fund	9,881	38,820	50,000
Capital Projects Fund	7,510,447	5,003,000	12,014,530
Total expenditures	<u>7,520,328</u>	<u>5,041,820</u>	<u>12,064,530</u>
Total expenditures and transfers out requiring appropriation	<u>7,520,328</u>	<u>5,041,820</u>	<u>12,064,530</u>
ENDING FUND BALANCES	<u>\$ 16,212,649</u>	<u>\$ 11,564,898</u>	<u>\$ 431</u>
EMERGENCY RESERVE	\$ -	\$ 2	\$ 2
REGIONAL IMPROVEMENTS	-	68	130
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 132</u>

No assurance provided. See summary of significant assumptions.

**HM METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/15/23

ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
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ASSESSED VALUATION

Agricultural	\$ 10	\$ 8,790	\$ 9,380
State assessed	-	2,780	2,390
Certified Assessed Value	\$ 10	\$ 11,570	\$ 11,770

MILL LEVY

General	0.000	5.000	5.000
Total mill levy	0.000	5.000	5.000

PROPERTY TAXES

General	\$ -	\$ 58	\$ 59
Levied property taxes	-	58	59
Adjustments to actual/rounding	-	8	-
Budgeted property taxes	\$ -	\$ 66	\$ 59

BUDGETED PROPERTY TAXES

General	\$ -	\$ 66	\$ 59
	\$ -	\$ 66	\$ 59

**HM METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/15/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ (9,881)	\$ 368
REVENUES			
Property taxes	-	66	59
Specific ownership taxes	-	3	4
Developer advance	-	49,000	50,000
Total revenues	-	49,069	50,063
Total funds available	-	39,188	50,431
EXPENDITURES			
General and administrative			
Accounting	2,996	14,000	16,000
Auditing	-	5,700	6,500
County Treasurer's fees	-	1	1
Dues and membership	-	309	1,000
Insurance	250	2,810	5,000
District management	476	6,000	8,000
Legal	6,159	10,000	13,000
Election	-	-	-
Contingency	-	-	499
Total expenditures	9,881	38,820	50,000
Total expenditures and transfers out requiring appropriation	9,881	38,820	50,000
ENDING FUND BALANCES	\$ (9,881)	\$ 368	\$ 431
EMERGENCY RESERVE	\$ -	\$ 2	\$ 2
REGIONAL IMPROVEMENTS	-	68	130
TOTAL RESERVE	\$ -	\$ 70	\$ 132

No assurance provided. See summary of significant assumptions.

**HM METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/15/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (485,111)	\$ 16,222,530	\$ 11,564,530
REVENUES			
Land sale	24,218,088	-	-
Interest income	-	345,000	450,000
Total revenues	<u>24,218,088</u>	<u>345,000</u>	<u>450,000</u>
Total funds available	<u>23,732,977</u>	<u>16,567,530</u>	<u>12,014,530</u>
EXPENDITURES			
General and administrative			
Accounting	58	3,000	5,000
Legal	-	-	1,000
Capital Projects			
Transfers to District No. 1	7,510,389	5,000,000	12,000,000
Capital outlay	-	-	8,530
Total expenditures	<u>7,510,447</u>	<u>5,003,000</u>	<u>12,014,530</u>
Total expenditures and transfers out requiring appropriation	<u>7,510,447</u>	<u>5,003,000</u>	<u>12,014,530</u>
ENDING FUND BALANCES	<u>\$ 16,222,530</u>	<u>\$ 11,564,530</u>	<u>\$ -</u>

**HM METROPOLITAN DISTRICT NO. 3
2024 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.

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

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.

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 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.

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.

**HM METROPOLITAN DISTRICT NO. 3
2024 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Property Taxes (continued)

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

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 7.00% of the property taxes collected by the District.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5%.

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.

Capital Outlay

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

**HM METROPOLITAN DISTRICT NO. 3
2024 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District does not have any debt. Additionally, the District has no operating or capital leases.

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.

Regional Improvements

The District reserves net property tax revenue to be spent on future Regional Improvements.

This information is an integral part of the accompanying budget.