

ANNUAL INFORMATION REPORT
FOR THE YEAR 2022
HM METROPOLITAN DISTRICT NO. 1

As required by Section 32-1-207(3)(c), C.R.S. and pursuant to Section VIII of the Service Plan for HM Metropolitan District No. 1 (the “District”) approved by the City of Aurora, Colorado (the “City”) on August 5, 2019, the following report of the District’s activities from January 1, 2022 to December 31, 2022 is hereby submitted.

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

The District included approximately 17.146 acres of property into its boundaries during 2022 pursuant to an Order for Inclusion recorded in the real property records of Adams County, Colorado on March 22, 2022 . A copy of the current District boundary map is attached hereto as **Exhibit A**.

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

The District entered into the below Intergovernmental Agreements with other governmental entities during 2022:

Overlap Area Consent Agreement – Regarding 60th Avenue Project: On March 29, 2022, the District and East Cherry Creek Valley Water and Sanitation District entered into this Agreement.

Infrastructure Financing and Coordination Agreement Regarding Phase I Improvements: On March 29, 2022, the District, HM Metropolitan District Nos. 2 and 3, DIBC 56th and E-470, LLC, DIBC Cargo, LLC, Microsoft Corporation, and L.C. Fulenwider, Inc. entered into this Agreement.

Infrastructure Financing and Coordination Agreement -Regarding 60th Avenue Improvements: On June 1, 2022, the District and Highpoint Acquisitions, LLC entered into this Agreement.

Second Creek Drainage Maintenance Intergovernmental Agreement: On June 24, 2022, the District and the City entered into this Agreement.

Overlap Area Consent Agreement Regarding Second Creek Channel Improvements: On August 26, 2022, the District and the East Cherry Creek Valley Water and Sanitation District entered into this Agreement.

Amended and Restated Intergovernmental Agreement Regarding Cost Sharing of the Extension of Denali Street (60th Avenue to 66th Avenue): On December 7, 2022, the District, Aurora High Point at DIA Metropolitan District, and Colorado International Center Metropolitan District No. 7 entered into this Agreement.

Infrastructure Financing and Coordination Agreement – Denali Street from 66th Avenue to 68th Avenue Improvements: On December 16, 2022, the District and Colorado International Center Metropolitan District No. 7 entered into this Agreement.

3. **Copies of the District’s rules and regulations, if any as of December 31 of the prior year / Access information to obtain a copy of rules and regulation adopted:**

The District has not adopted any rules and regulations as of December 31, 2022. In the event the District adopts rules and regulations in the future, such documents may be accessed at the offices of the District Manager, CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, CO 80111, 303-779-5710, or on the District’s website at <https://hmmetrodistricts.com>.

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

To our knowledge, there is no litigation involving the District’s public improvements.

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

Construction of 64th Avenue from E-470 to Jackson Gap and Denali Street from 60th Ave to 66th Ave are substantially complete and open to traffic. The installation of the median landscaping at 64th Ave is in progress and the construction of the eastern lane of Denali Street from 60th to 63rd Ave. is on hold until the summer of 2024. The east lane of Denali will be built as soon as Aurora Water completes installation of an extension to a 36-inch diameter water line in the Denali Street right-of-way. 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 Colorado International Center Metropolitan District No. 7 (“CIC 7”).

Mortenson Construction has completed the improvements to Second Creek from Harvest Road to 68th Avenue which included a new drainage channel, regional pond USC-1, a regional 30-inch diameter sanitary sewer line, and a regional trail. Mortenson has also completed the construction of 60th Avenue from Harvest Road to a point west of Denali Street and the concrete box culvert at 68th Avenue’s future crossing of Second Creek. HEI Civil recently completed the concrete box culvert installation of Second Creek’s crossing of Harvest Road, which was funded through a cost sharing agreement with the neighboring Velocity Metropolitan District.

A project to expand 56th Avenue from 2-lanes to 6-lanes between E-470 and Harvest Road and build the full 4-lane width of Harvest Road from 56th Ave to 64th

Ave was awarded to HEI Civil in April 2023. Construction is in progress and is scheduled to be complete by the end of 2024.

Construction of Denali Street from 66th Avenue to 68th Avenue is in progress and is scheduled to be complete in September 2023. This project is funded through a cost sharing agreement with neighboring CIC 7.

The design of the projects to expand the 64th Avenue overpass at E-470, build 68th Avenue from Denali Street to Harvest Road, and build the westernmost 2-lanes of Harvest Road from 64th Ave to 68th Ave are complete and in the process of being approved by the City of Aurora. The 64th Avenue overpass is a regional project and will be funded by 64th Avenue ARI. Construction of the overpass is scheduled to begin in 2024. The projects to build 68th Avenue and Harvest Road from 64th Avenue to 68th Avenue will be funded by HM Metropolitan District No. 2 and construction will begin in 2024, after the installation of the new Metropolitan Wastewater Regional District sewer line is complete and the lift station at Second Creek is removed from service.

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 did not convey or dedicate any facilities or improvements to the City in 2022.

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

A copy of the 2022 certification of assessed valuation from Adams County, Colorado is attached hereto as **Exhibit B**.

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

A copy of the 2023 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 2022 Audit is attached hereto 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.**

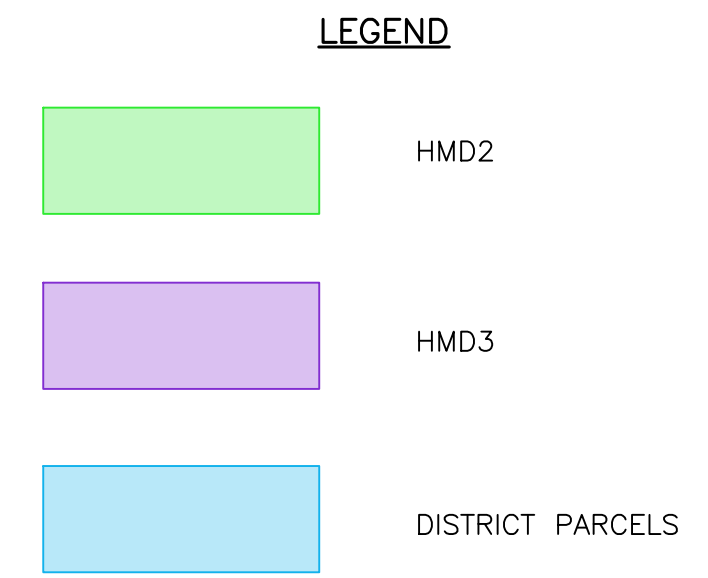
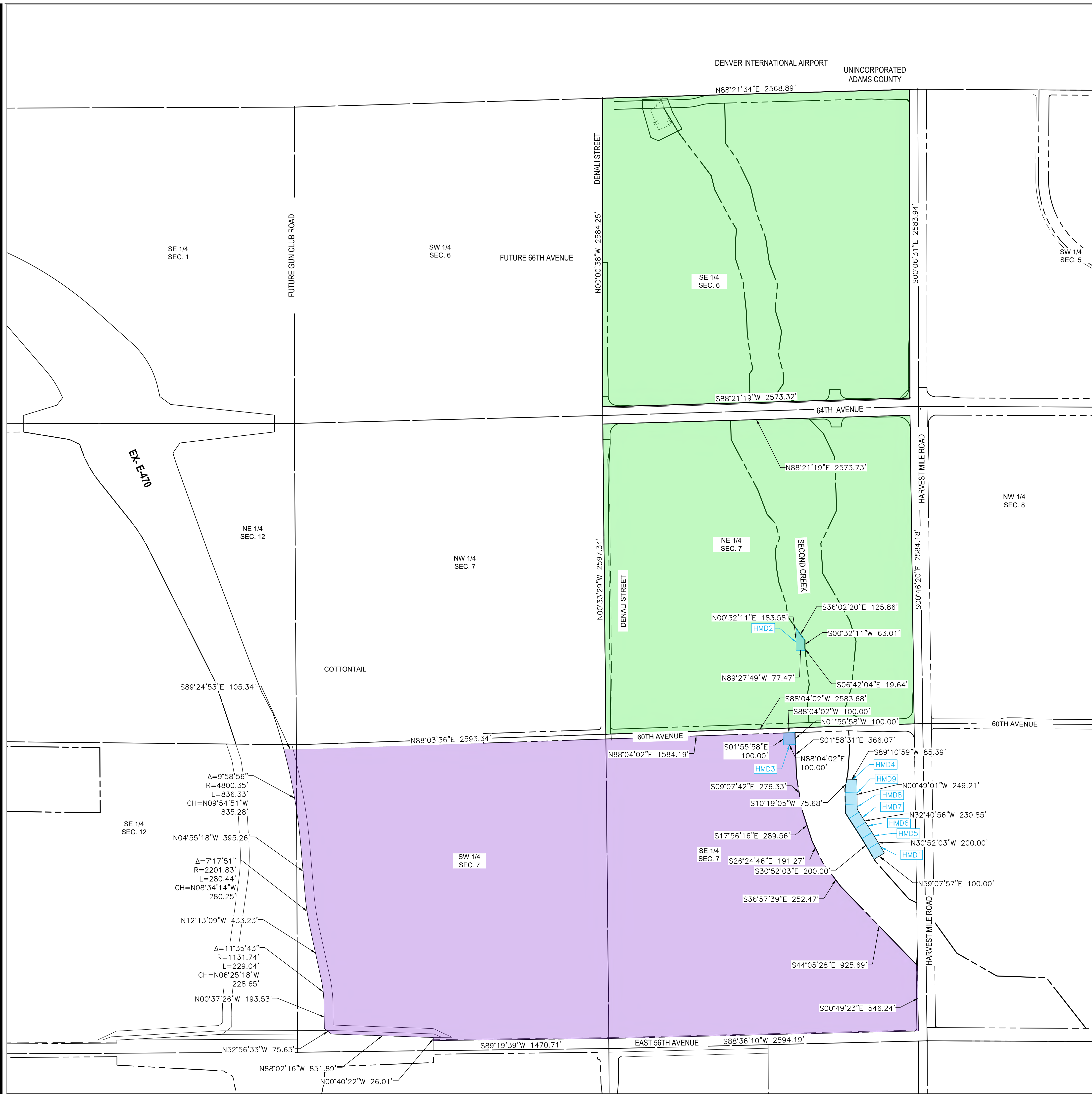
To our knowledge, there are no uncured events of default by the District continuing beyond a ninety (90) day period.

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.**

To our knowledge, the District is able to pay its obligations as they come due.

EXHIBIT A
Current District Boundary Map

PLOT DATE: Thursday, August 11, 2022 2:45 PM LAST SAVED BY: DBEJARANO
 DRAWING LOCATION: G:\HORN\20.0851-Box Elder - Offsite Improvements\PLANS\EXHIBITS\Box Elder - Metro District Overall Map.dwg



HM DISTRICT MAP

No.	Issue / Revision	Date	Name
1	EXHIBIT	08/11/22	M/W

Job Number 20.0851
 Project Manager D.LE
 Design By D.BEJARANO
 Drawn By D.BEJARANO
 Principal in Charge D.LE

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Sheet Number:



NOT FOR CONSTRUCTION

EXHIBIT B
2022 Assessed Valuation

CERTIFICATION OF VALUATION BY ADAMS COUNTY ASSESSOR

Name of Jurisdiction: **483 - HM METRO DISTRICT 1**

IN ADAMS COUNTY ON 12/1/2022

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 2022 IN ADAMS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$10
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$560
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$560
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$550
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 2022 IN ADAMS COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$2,103
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$2,102
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, 2022

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
2023 Budget

HM METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**HM METROPOLITAN DISTRICT NO. 1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ (55,416)	\$ 1,132,752	\$ 1,024,413
REVENUES			
Property taxes	-	-	3
Developer advance	1,405,242	44,000	-
Developer contribution	22,761	70,000	50,000
Transfers from District No. 2	485,111	21,000,000	34,329,712
Transfers from District No. 3	1,974,636	10,000,000	12,242,631
Other revenue	213,849	750,000	700,000
Xcel Cash-In-Lieu Payment	1,101,806	-	-
Total revenues	<u>5,203,405</u>	<u>31,864,000</u>	<u>47,322,346</u>
Total funds available	<u>5,147,989</u>	<u>32,996,752</u>	<u>48,346,759</u>
EXPENDITURES			
General Fund	144,816	137,339	145,000
Capital Projects Fund	3,870,421	31,835,000	47,949,776
Total expenditures	<u>4,015,237</u>	<u>31,972,339</u>	<u>48,094,776</u>
Total expenditures and transfers out requiring appropriation	<u>4,015,237</u>	<u>31,972,339</u>	<u>48,094,776</u>
ENDING FUND BALANCES	<u>\$ 1,132,752</u>	<u>\$ 1,024,413</u>	<u>\$ 251,983</u>
EMERGENCY RESERVE	\$ 16,600	\$ -	\$ -
REGIONAL IMPROVEMENTS	-	-	3
TOTAL RESERVE	<u>\$ 16,600</u>	<u>\$ -</u>	<u>\$ 3</u>

**HM METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/23

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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ASSESSED VALUATION

Agricultural	\$	10	\$	10	\$	560
Certified Assessed Value	\$	10	\$	10	\$	560

MILL LEVY

General		0.000		0.000		5.000
Total mill levy		0.000		0.000		5.000

PROPERTY TAXES

General	\$	-	\$	-	\$	3
Budgeted property taxes	\$	-	\$	-	\$	3

BUDGETED PROPERTY TAXES

General	\$	-	\$	-	\$	3
	\$	-	\$	-	\$	3

**HM METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ (16,461)	\$ 490,319	\$ 396,980
REVENUES			
Property taxes	-	-	3
Developer advance	100,693	44,000	-
Xcel Cash-In-Lieu Payment	550,903	-	-
Total revenues	<u>651,596</u>	<u>44,000</u>	<u>3</u>
Total funds available	<u>635,135</u>	<u>534,319</u>	<u>396,983</u>
EXPENDITURES			
General and Administrative			
Accounting	28,894	50,000	50,000
Auditing	-	10,800	11,500
Contingency	-	-	6,000
District management	19,187	28,000	25,000
Dues	551	961	1,000
Election	-	10,000	10,000
Insurance	7,578	7,578	6,000
Legal	87,251	30,000	35,000
Miscellaneous	105	-	500
Repay Developer advance	1,250	-	-
Total expenditures	<u>144,816</u>	<u>137,339</u>	<u>145,000</u>
Total expenditures and transfers out requiring appropriation	<u>144,816</u>	<u>137,339</u>	<u>145,000</u>
ENDING FUND BALANCE	<u>\$ 490,319</u>	<u>\$ 396,980</u>	<u>\$ 251,983</u>
EMERGENCY RESERVE	\$ 16,600	\$ -	\$ -
REGIONAL IMPROVEMENTS	-	-	3
TOTAL RESERVE	<u>\$ 16,600</u>	<u>\$ -</u>	<u>\$ 3</u>

**HM METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ (38,955)	\$ 642,433	\$ 627,433
REVENUES			
Developer advance	1,304,549	-	-
Developer contribution	22,761	70,000	50,000
Transfers from District No. 2	485,111	21,000,000	34,329,712
Transfers from District No. 3	1,974,636	10,000,000	12,242,631
Other revenue	213,849	750,000	700,000
Xcel Cash-In-Lieu Payment	550,903	-	-
Total revenues	4,551,809	31,820,000	47,322,343
Total funds available	4,512,854	32,462,433	47,949,776
EXPENDITURES			
Capital Projects			
Accounting	12,172	10,000	15,000
Legal	56,213	10,000	30,000
Capital outlay	1,824,325	31,800,000	47,149,843
Contingency	-	-	724,933
Engineering - Cost Verification	3,075	15,000	30,000
Repay Developer advance	1,974,636	-	-
Total expenditures	3,870,421	31,835,000	47,949,776
Total expenditures and transfers out requiring appropriation	3,870,421	31,835,000	47,949,776
ENDING FUND BALANCE	\$ 642,433	\$ 627,433	\$ -

**HM METRO DISTRICT NO. 1
2023 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

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 METRO DISTRICT NO. 1
2023 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Property Taxes (continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

Other Revenue

The District anticipates revenue from various cost sharing agreements to fund the payment of infrastructure improvements.

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.

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, 2021	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2022 *	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2023 *
Governmental Activities:							
Developer Advances:							
Operations	\$ 130,827	\$ 44,000	\$ -	\$ 174,827	\$ -	\$ -	\$ 174,827
Accrued Interest on Developer Advances:							
Operations	6,429	12,226	-	18,655	13,986	-	32,641
Total	\$ 137,256	\$ 56,226	\$ -	\$ 193,482	\$ 13,986	\$ -	\$ 207,468
*Estimated balances							

**HM METRO DISTRICT NO. 1
2023 ADOPTED BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

EXHIBIT D
2022 Audit

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the 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, 2022, 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 for 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 financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.



Wipfli LLP
Lakewood, Colorado

July 18, 2023

BASIC FINANCIAL STATEMENTS

**HM METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 441,023
Cash and Investments - Restricted	5,039,281
Accounts Receivable	1,089,641
Due from HM Metropolitan District No. 2	83,975
Due from HM Metropolitan District No. 3	886,711
Prepaid Expenses	5,142
Property Tax Receivable	3
Capital Assets, Not Being Depreciated	<u>27,239,559</u>
Total Assets	<u>34,785,335</u>
LIABILITIES	
Accounts Payable	4,950,071
Retainage Payable	980,380
Due to Developer	28,480
Payable to Other Entities	51,051
Noncurrent Liabilities:	
Due in More Than One Year	<u>195,146</u>
Total Liabilities	<u>6,205,128</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>3</u>
Total Deferred Inflows of Resources	<u>3</u>
NET POSITION	
Net Investment in Capital Assets	27,239,559
Restricted for:	
Capital Projects	1,116,596
Unrestricted	<u>224,049</u>
Total Net Position	<u><u>\$ 28,580,204</u></u>

See accompanying Notes to Basic Financial Statements.

**HM METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		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	\$ 133,284	\$ -	\$ -	\$ 24,995,766	\$ 24,862,482
Interest and Related Costs on Long-Term Debt	13,890	-	-	-	(13,890)
Total Governmental Activities	\$ 147,174	\$ -	\$ -	\$ 24,995,766	24,848,592
GENERAL REVENUES					
					908,716
					908,716
CHANGE IN NET POSITION					25,757,308
					2,822,896
NET POSITION - END OF YEAR					\$ 28,580,204

See accompanying Notes to Basic Financial Statements.

**HM METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 441,023	\$ -	\$ 441,023
Cash and Investments - Restricted	-	5,039,281	5,039,281
Accounts Receivable	-	1,089,641	1,089,641
Due from HM Metropolitan District No. 2	-	83,975	83,975
Due from HM Metropolitan District No. 3	-	886,711	886,711
Prepaid Expenses	5,142	-	5,142
Property Tax Receivable	3	-	3
Total Assets	\$ 446,168	\$ 7,099,608	\$ 7,545,776
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 26,970	\$ 4,923,101	\$ 4,950,071
Retainage Payable	-	980,380	980,380
Due to Developer	-	28,480	28,480
Due to Other Entities	-	51,051	51,051
Total Liabilities	26,970	5,983,012	6,009,982
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	3	-	3
Total Deferred Inflows of Resources	3	-	3
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	5,142	-	5,142
Restricted for:			
Capital Projects	-	1,116,596	1,116,596
Assigned To:			
Subsequent Year's Expenditures	144,997	-	144,997
Unassigned	269,056	-	269,056
Total Fund Balances	419,195	1,116,596	1,535,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 446,168	\$ 7,099,608	
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			27,239,559
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			(174,827)
Developer Advance Interest Payable			(20,319)
Net Position of Governmental Activities			\$ 28,580,204

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, 2022**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Other Revenue	\$ -	\$ 908,716	\$ 908,716
Transfers from District No. 3	-	7,510,389	7,510,389
Transfers from District No. 2	-	17,437,774	17,437,774
Total Revenues	<u>-</u>	<u>25,856,879</u>	<u>25,856,879</u>
EXPENDITURES			
General:			
Accounting	39,948	8,206	48,154
Auditing	10,800	-	10,800
District Management	24,586	-	24,586
Dues and Licenses	961	-	961
Election	4,379	-	4,379
Insurance	7,578	-	7,578
Legal	26,819	9,954	36,773
Miscellaneous	53	-	53
Capital:			
Capital Outlay	-	25,399,358	25,399,358
Engineering - Cost Verification	-	12,801	12,801
Total Expenditures	<u>115,124</u>	<u>25,430,319</u>	<u>25,545,443</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(115,124)	426,560	311,436
OTHER FINANCING SOURCES (USES)			
Developer Advance	44,000	-	44,000
Developer Contribution	-	47,603	47,603
Total Other Financing Sources (Uses)	<u>44,000</u>	<u>47,603</u>	<u>91,603</u>
NET CHANGE IN FUND BALANCES	(71,124)	474,163	403,039
Fund Balances - Beginning of Year	<u>490,319</u>	<u>642,433</u>	<u>1,132,752</u>
FUND BALANCES - END OF YEAR	<u>\$ 419,195</u>	<u>\$ 1,116,596</u>	<u>\$ 1,535,791</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, 2022**

Net Change in Fund Balances - Governmental Funds \$ 403,039

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 25,412,159

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 (44,000)

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 (13,890)

Change in Net Position of Governmental Activities \$ 25,757,308

**HM METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive – (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Accounting	45,500	39,948	5,552
Audit	10,800	10,800	-
Contingency	4,700	-	4,700
District Management	25,000	24,586	414
Dues and Licenses	1,000	961	39
Election	-	4,379	(4,379)
Insurance	8,000	7,578	422
Legal	50,000	26,819	23,181
Miscellaneous	-	53	(53)
Total Expenditures	<u>145,000</u>	<u>115,124</u>	<u>29,876</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(145,000)	(115,124)	29,876
OTHER FINANCING SOURCES (USES)			
Developer Advance	145,000	44,000	(101,000)
Total Other Financing Sources (Uses)	<u>145,000</u>	<u>44,000</u>	<u>(101,000)</u>
NET CHANGE IN FUND BALANCE	-	(71,124)	(71,124)
Fund Balance - Beginning of Year	-	490,319	490,319
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 419,195</u>	<u>\$ 419,195</u>

See accompanying Notes to Basic Financial Statements.

HM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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. All 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, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

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, 2022

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, 2022

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 441,023
Cash and Investments - Restricted	<u>5,039,281</u>
Total Cash and Investments	<u><u>\$ 5,480,304</u></u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	<u>\$ 5,480,304</u>
Total Cash and Investments	<u><u>\$ 5,480,304</u></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, 2022, the District's cash deposits had a bank and carrying balance of \$5,480,304.

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, 2022**

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, 2022, the District had no investments.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,827,400	\$ 25,412,159	\$ -	\$ 27,239,559
Capital Assets, Net	\$ 1,827,400	\$ 25,412,159	\$ -	\$ 27,239,559

Upon completion and acceptance, all 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, 2022**

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, 2022:

	Balance - December 31, 2021	Additions	Retirements	Balance - December 31, 2022	Due Within One Year
Governmental Activities:					
Developer Advances:					
Operations	\$ 130,827	\$ 44,000	\$ -	\$ 174,827	\$ -
Accrued Interest on Developer Advances:					
Operations	6,429	13,890	-	20,319	-
Total	<u>\$ 137,256</u>	<u>\$ 57,890</u>	<u>\$ -</u>	<u>\$ 195,146</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, 2022, the amount outstanding totaled \$195,146, comprised of principal \$174,827 and accrued interest of \$20,319.

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, 2022, there was no outstanding amount.

Assignment of 2020 Facilities Funding and Reimbursement Agreement

On December 16, 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 (“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, 2022, there was no outstanding amount.

**HM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, 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 2022, the Taxing Districts made no transfers 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, 2022**

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.

Infrastructure Financing and Coordination Agreement Regarding Phase I Improvements

On March 29, 2022, the District entered into an agreement with HM Metropolitan District Nos. 2 and 3, DIBC 56th Ave E-470, LLC, Microsoft Corporation, and L.C. Fulenwider, Inc. Under this agreement, the District will undertake the design, construction, and installation of all Phase I Improvements.

Per this agreement, the funding obligation for Phase I Improvements for HM Metropolitan District Nos. 2 and 3 are \$36,799,281 and \$24,218,087 respectively.

During 2022, the District received \$17,437,774 from HM Metropolitan District No. 2 and \$7,510,389 from HM Metropolitan District No. 3 under this agreement.

**HM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding Cost Sharing of Infrastructure Financing and Coordination of Denali Street between 66th Avenue and 68th Avenue Improvements

On December 16, 2022, the District entered the Cost Sharing IGA with Colorado International Center Metropolitan District No. 7 (CIC 7) whereas the District and CIC will share the costs of the construction of Denali Street between 66th Avenue and 68th Avenue. Pursuant to the agreement, CIC 7 will engage with consultants to provide services directly related to the construction of Denali Street between 66th Avenue and 68th Avenue and invoice the District for their 50% share of construction costs. The Denali Street Portion 1 Cost Sharing IGA will terminate upon completion of the construction, approval of such construction by the District and the CIC 7, and payment of all outstanding invoices.

Intergovernmental Agreement Regarding Second Creek Drainage Maintenance

On August 3, 2022, the District entered the Cost Sharing IGA with the City of Aurora (City) whereas the District will design, construct, and accept operation and maintenance of certain improvements, including drainage improvements, to Second Creek. Pursuant to the agreement, the District and the City will govern the operations, maintenance, and repair of Second Creek. The District shall, at its own expense, design and construct improvements to Second Creek subject to approval by the City. Following completion of the improvements to Second Creek, the District shall be responsible for maintaining. The City shall be responsible for any and all capital repairs and replacements of the improvements to Second Creek.

Amended and Restated IGA Regarding Cost Sharing of Denali Street

On December 7, 2022, the District, Aurora High Point at DIA Metropolitan District (Aurora High Point) and Colorado International Center Metropolitan District No. 7 (CIC 7) entered into an Amended and Restated Intergovernmental Agreement – Regarding Cost Sharing of the Extension of Denali Street (60th Avenue to 66th Avenue) (Amended and Restated Denali IGA), pursuant to which the District, Aurora High Point, and CIC 7 agreed that Aurora High Point would coordinate construction of the Denali Street Improvements with each party contributing according to Exhibit A attached thereto. Under the Amended and Restated Denali IGA, CIC 7 will only participate in the construction of the Denali Street Improvements as they relate to the new pond at 68th Avenue.

Infrastructure Financing and Coordination Agreement Regarding 60TH Avenue

On June 1, 2022, the District and Hyde entered into an Infrastructure Financing and Coordination Agreement Regarding 60th Avenue Improvements (60th Avenue Construction IGA), pursuant to which the parties agreed that the District would coordinate construction of 60th Avenue. Further, the parties agreed to share in the costs of construction. Under the 60th Avenue Construction IGA, the District is responsible for 85.5% of the costs of constructing 60th Avenue, and Hyde is responsible for 14.5% of the costs. The 60th Avenue Construction IGA terminates upon Final City Acceptance as set forth in the agreement.

HM METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 NET POSITION

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

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, 2022, as follows:

Restricted Net Position:	
Capital Projects	\$ 1,116,596
Total Restricted Net Position	<u>\$ 1,116,596</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.

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NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

On November 5, 2019, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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
YEAR ENDED DECEMBER 31, 2022**

	Original And Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Other Revenue	\$ 24,050,000	\$ 908,716	\$ (23,141,284)
Transfers from District No. 3	24,000,000	7,510,389	(16,489,611)
Transfers from District No. 2	40,000,000	17,437,774	(22,562,226)
Total Revenues	<u>88,050,000</u>	<u>25,856,879</u>	<u>(62,193,121)</u>
EXPENDITURES			
Accounting	30,000	8,206	21,794
Capital Outlay	175,536,537	25,399,358	150,137,179
Contingency	10,000,000	-	10,000,000
Engineering - Cost Verification	50,000	12,801	37,199
Legal	50,000	9,954	40,046
Total Expenditures	<u>185,666,537</u>	<u>25,430,319</u>	<u>160,236,218</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,616,537)	426,560	98,043,097
OTHER FINANCING SOURCES (USES)			
Developer Advance	97,000,000	-	(97,000,000)
Developer Contribution	-	47,603	47,603
Total Other Financing Sources (Uses)	<u>97,000,000</u>	<u>47,603</u>	<u>(96,952,397)</u>
NET CHANGE IN FUND BALANCE	(616,537)	474,163	1,090,700
Fund Balance - Beginning of Year	<u>616,537</u>	<u>642,433</u>	<u>25,896</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 1,116,596</u></u>	<u><u>\$ 1,116,596</u></u>

**HM METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
YEAR ENDED DECEMBER 31, 2022**

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
2022	10	0.000		-	-	N/A
Estimated for the Year Ending December 31, 2023	\$ 560	5.000		\$ 3		

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.