

**ANNUAL INFORMATION REPORT**  
**FOR THE YEAR 2023**  
**HM METROPOLITAN DISTRICT NO. 2**

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. 2 (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, 2023 to December 31, 2023 is hereby submitted.

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

No boundary changes were made or proposed during the reporting period.

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

The District did not enter into, propose or terminate any Intergovernmental Agreements with other governmental entities during the reporting period.

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, 2023. 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:**

The following improvements were constructed by HM Metropolitan District No. 1 during the reporting period:

- Construction of Second Creek drainage improvements and regional trail were completed.
- Construction of Second Creek 30-inch diameter regional sanitary sewer was completed.

- Construction of 60<sup>th</sup> Avenue from cul de sac between west of Denali Street to Harvest Road was completed (water quality pond certification and landscaping).
- Construction of Denali Street from 66<sup>th</sup> Avenue to 68<sup>th</sup> Avenue was completed.
- Construction of concrete box culvert at the Second Creek crossing of 68<sup>th</sup> Avenue was completed.
- Construction of concrete box culvert at the Second Creek crossing of Harvest Road was completed.
- Construction of 56<sup>th</sup> Avenue from E-470 to Harvest Road was started.
- Construction of Harvest Road from 56<sup>th</sup> Avenue to 64<sup>th</sup> Avenue was started.

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:**

No facilities and improvements constructed by the District have been dedicated to and accepted by the City as of December 31 of the prior year.

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

A copy of the 2023 certification of assessed valuation from Adams County, Colorado is attached hereto as Exhibit A.

8. **Current year's 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 B.

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 Audit is attached hereto as Exhibit C.

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**  
**2023 Assessed Valuation**

# CERTIFICATION OF VALUATION BY ADAMS COUNTY ASSESSOR

Name of Jurisdiction: **484 - HM METRO DISTRICT 2**

IN ADAMS COUNTY ON 12/11/2023

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
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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 2023 IN ADAMS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$10
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$5,290
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,290
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.

<b>USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY</b>
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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 2023 IN ADAMS COUNTY, COLORADO ON AUGUST 25, 2023

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$18,398
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, 2023**

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 B**  
**2024 Budget**

**HM METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2024**

**HM METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 65,020,102	\$ 48,286,970	\$ 37,378,621
REVENUES			
Property taxes	-	-	226
Specific ownership taxes	-	-	16
Interest income	876,164	2,180,000	1,190,000
Other revenue	-	-	44
Developer advance	4,476	-	-
Total revenues	<u>880,640</u>	<u>2,180,000</u>	<u>1,190,286</u>
Total funds available	<u>65,900,742</u>	<u>50,466,970</u>	<u>38,568,907</u>
EXPENDITURES			
General Fund	-	-	100
Debt Service Fund	4,000	4,000	4,003
Capital Projects Fund	17,609,772	13,084,349	24,000,000
Total expenditures	<u>17,613,772</u>	<u>13,088,349</u>	<u>24,004,103</u>
Total expenditures and transfers out requiring appropriation	<u>17,613,772</u>	<u>13,088,349</u>	<u>24,004,103</u>
ENDING FUND BALANCES	<u>\$ 48,286,970</u>	<u>\$ 37,378,621</u>	<u>\$ 14,564,804</u>

**HM METROPOLITAN DISTRICT NO. 2  
PROPERTY TAX SUMMARY INFORMATION  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
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**ASSESSED VALUATION**

Agricultural	\$ 10	\$ 10	\$ 4,850
State assessed	-	-	440
Certified Assessed Value	\$ 10	\$ 10	\$ 5,290

**MILL LEVY**

General	0.000	0.000	5.000
Debt Service	30.000	30.000	32.806
ARI	5.000	5.000	5.000
Total mill levy	35.000	35.000	42.806

**PROPERTY TAXES**

General	\$ -	\$ -	\$ 26
Debt Service	-	-	174
ARI	-	-	26
Budgeted property taxes	\$ -	\$ -	\$ 226

**BUDGETED PROPERTY TAXES**

General	\$ -	\$ -	\$ 26
Debt Service	-	-	173
ARI	-	-	26
Budgeted property taxes	\$ -	\$ -	\$ 226



**HM METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (4,476)	\$ -	\$ -
<b>REVENUES</b>			
Property taxes	-	-	52
Specific ownership taxes	-	-	4
Other revenue	-	-	44
Developer advance	4,476	-	-
Total revenues	4,476	-	100
Total funds available	-	-	100
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fees	-	-	1
Transfers to District No. 1	-	-	28
Transfers to 64th Ave ARI Authority	-	-	28
Contingency	-	-	43
Total expenditures	-	-	100
Total expenditures and transfers out requiring appropriation	-	-	100
ENDING FUND BALANCES	\$ -	\$ -	\$ -

**HM METROPOLITAN DISTRICT NO. 2  
DEBT SERVICE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 6,868,822	\$ 6,977,935	\$ 7,303,935
REVENUES			
Property taxes	-	-	174
Specific ownership taxes	-	-	12
Interest income	113,113	330,000	360,000
Total revenues	<u>113,113</u>	<u>330,000</u>	<u>360,186</u>
Total funds available	<u>6,981,935</u>	<u>7,307,935</u>	<u>7,664,121</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	-	-	3
Paying agent fees	4,000	4,000	4,000
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>4,003</u>
Total expenditures and transfers out requiring appropriation	<u>4,000</u>	<u>4,000</u>	<u>4,003</u>
ENDING FUND BALANCES	<u>\$ 6,977,935</u>	<u>\$ 7,303,935</u>	<u>\$ 7,660,118</u>

**HM METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

12/21/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 58,155,756	\$ 41,309,035	\$ 30,074,686
REVENUES			
Interest income	763,051	1,850,000	830,000
Total revenues	<u>763,051</u>	<u>1,850,000</u>	<u>830,000</u>
Total funds available	<u>58,918,807</u>	<u>43,159,035</u>	<u>30,904,686</u>
EXPENDITURES			
General and administrative			
Bond issue costs	71,910	-	-
Repay Developer advance	100,088	-	-
Contingency	-	-	1,661,000
Capital Projects			
Transfers to District No. 1	17,437,774	12,000,000	22,200,000
Transfers to 64th Ave ARI Authority	-	1,084,349	139,000
Total expenditures	<u>17,609,772</u>	<u>13,084,349</u>	<u>24,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>17,609,772</u>	<u>13,084,349</u>	<u>24,000,000</u>
ENDING FUND BALANCES	<u>\$ 41,309,035</u>	<u>\$ 30,074,686</u>	<u>\$ 6,904,686</u>

**HM METROPOLITAN DISTRICT NO. 2  
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**

**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 District has imposed an ARI Mill Levy, as approved in its Service Plan and Intergovernmental Facilities Funding and Reimbursement Agreement to generate revenue for the 64<sup>th</sup> Ave ARI Authority to finance the construction of the 64<sup>th</sup> Ave. Regional Improvements, and to be pledged towards repayment of the Authority Bonds.

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. 2  
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:

<b>Category</b>	<b>Rate</b>		<b>Category</b>	<b>Rate</b>		<b>Actual Value Reduction</b>	<b>Amount</b>
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**

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.50% of property tax collections.

**Debt Service**

Principal and interest payments in 2024 are provided based on the attached debt amortization schedule of the Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021.

**Capital Outlay**

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

**HM METROPOLITAN DISTRICT NO. 2  
2024 ADOPTED BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021 (the Bonds)**

**Bond Proceeds**

The District issued the Bonds on December 22, 2021, in the par amount of \$68,687,361 (value at issuance) and \$97,595,000 (value at conversion date). Proceeds from the sale of the Bonds were used for the purposes of: (i) paying or reimbursing a portion of the costs of acquiring, constructing, and installing certain public infrastructure improvements related to the Development; (ii) funding an initial deposit to the Surplus Fund; and (iii) paying the costs of issuing the Bonds.

**Details of the Bonds**

The Bonds are capital accretion bonds that automatically convert to current interest bonds on December 1, 2027. Prior to conversion to current interest bonds, the Bonds do not pay current interest and accrete in value at an annual yield equal to 6.000%. The accreted amount compounds semiannually on each June 1 and December 1, beginning June 1, 2022, from the date of delivery, to December 1, 2027.

The accreted principal balance (the accreted amount together with the original principal amount of the Bonds) at conversion on December 1, 2027, will be \$97,595,000. Upon conversion to current interest bonds, the Bonds will bear interest at the rate of 5.750%, payable semiannually on June 1 and December 1, commencing on June 1, 2028. Annual principal payments are due on December 1 of each year beginning December 1, 2030. The Bonds mature on December 1, 2051.

On and after conversion to current interest bonds, to the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge, and shall continue to bear interest at the rate then borne by the Bond. To the extent interest accrued on the accreted value of any Bond is not paid when due, such unpaid interest shall compound semiannually on each interest payment date at the rate borne by the Bond.

In the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061, the Bonds shall be deemed discharged.

**Optional Redemption**

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00
December 1, 2031, to November 30, 2032	1.00
December 1, 2032, and thereafter	0.00

**HM METROPOLITAN DISTRICT NO. 2  
2024 ADOPTED BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

**Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021 (the Bonds) – (continued)**

**Pledged Revenue**

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all PIF (Public Improvement Fee) Revenue; (d) all PILOT (Payment in Lieu of Taxes) Revenues; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

**Property Tax Revenues**

“Property Tax Revenues” means all moneys derived from imposition by the District of the Required Mill Levy and do not include Specific Ownership Tax Revenues. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

**Required Mill Levy**

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in an amount necessary to generate Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds when due (less any amount then on deposit in the Bond Fund and, solely to the extent provided in the Indenture, the Surplus Fund), but not in excess of 30 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after changed after January 1, 2004) for the applicable Mill Levy Certification Date. Mill Levy Certification Date means the date each year on which the District is required to impose the Required Mill Levy.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Required Mill Levy shall be equal to 30 mills (subject to adjustment) for the applicable Mill Levy Certification Date, or such lesser amount that will generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Bonds when due and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Bond Fund and the Surplus Fund, will pay the Bonds in full in the year such levy is collected. The maximum mill levy of 30 mills (as adjusted) shall be reduced by the number of mills necessary to pay unlimited mill levy debt.

**Specific Ownership Tax Revenues**

“Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of its imposition of the Required Mill Levy.

**PIF Revenue**

“PIF Revenue” means all revenues resulting from imposition of the PIF pursuant to the Declaration of Covenants Imposing and Implementing the HM District No. 2 Public Improvement Fee made by DIBC, as Declarant (the “PIF Covenant”), including all late fees and penalties payable in accordance with the PIF Covenant, net of costs of collection. PIF Sales means, collectively, Retail Sales and Lodging Sales. Pursuant to the PIF Covenant, the Declarant has agreed to impose a public improvement fee of 3% on all PIF Sales within the PIF Property.

**HM METROPOLITAN DISTRICT NO. 2  
2024 ADOPTED BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

**Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021** (the Bonds) – (continued)

To the extent that PIF Revenue is collected in excess of the amount necessary, together with other Pledged Revenue, to pay debt service on the Bonds and fund the Surplus Fund to the Maximum Surplus Amount, the District may use such PIF Revenue for any lawful purpose. PIF Termination Date means the later of (i) the effective date of the dissolution of the District; or (ii) when all of the Bonds have been paid or defeased.

**PILOT Revenues**

“PILOT Revenues” mean the revenue derived from the Declaration of Payment in Lieu of Taxes Covenant and any declaration, covenant, or agreement which provides for a tax equivalency payment or similar payment in lieu of taxes against any property that would be subject to the Required Mill Levy imposed by the District but for the fact that such property is exempt from ad valorem property taxation, and which payment is payable to the District, unless Bond Counsel has otherwise delivered an opinion to the effect that the pledge of revenues generated under such covenant will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes, of the interest paid or to be paid on the Bonds.

**Additional Security for the Bonds**

The Bonds are also secured by the Surplus Fund which was partially funded from proceeds of the Bonds in the amount of \$6,868,736. Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$13,737,472. Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds shall be applied to the payment of the Bonds. The availability of such amount shall be taken into account in calculating the Required Mill Levy required to be imposed in the levy year prior to the year of final maturity of the Bonds. Except for the initial deposit to the Surplus Fund, the District has no obligation to fund the Surplus Fund in any amount.

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



**HM Metropolitan District No. 2**  
**\$68,687,361 (Value at Issuance)**  
**\$97,595,000 (Value at Conversion Date)**  
**Convertible Capital Appreciation Bonds**  
**Series 2021**  
**Issue Date December 22, 2021**  
**Interest at 5.75 - 6.00%**  
**Due June 1 and December 1**

Year Ending December 31,	Value at Issuance \$68,687,361	Accretion	Accreted Value	Principal	Interest	Total
2024		\$ 4,692,368	\$ 81,733,861	\$ -	\$ -	\$ -
2025		4,977,345	86,711,206	-	-	-
2026		5,210,865	91,922,071	-	-	-
2027		5,672,929	97,595,000	-	-	-
2028				-	5,611,713	5,611,713
2029				-	5,611,713	5,611,713
2030				495,000	5,611,713	6,106,713
2031				1,420,000	5,583,250	7,003,250
2032				2,090,000	5,501,600	7,591,600
2033				2,225,000	5,381,425	7,606,425
2034				2,495,000	5,253,488	7,748,488
2035				2,645,000	5,110,025	7,755,025
2036				2,945,000	4,957,938	7,902,938
2037				3,125,000	4,788,600	7,913,600
2038				3,450,000	4,608,913	8,058,913
2039				3,660,000	4,410,538	8,070,538
2040				4,020,000	4,200,088	8,220,088
2041				4,265,000	3,968,938	8,233,938
2042				4,660,000	3,723,700	8,383,700
2043				4,940,000	3,455,750	8,395,750
2044				5,380,000	3,171,700	8,551,700
2045				5,700,000	2,862,350	8,562,350
2046				6,190,000	2,534,600	8,724,600
2047				6,560,000	2,178,675	8,738,675
2048				7,100,000	1,801,475	8,901,475
2049				7,520,000	1,393,225	8,913,225
2050				8,115,000	960,825	9,075,825
2051				8,595,000	494,213	9,089,213
Total				<u>\$ 97,595,000</u>	<u>\$ 93,176,450</u>	<u>\$ 190,771,450</u>

No assurance provided. See summary of significant assumptions.

**EXHIBIT C**  
**2023 Audit**

**HM METROPOLITAN DISTRICT NO. 2  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**HM METROPOLITAN DISTRICT NO. 2  
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Board of Directors  
HM Metropolitan District No. 2  
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. 2 (the "District"), as of and for the year ended December 31, 2023, 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. 2 as of December 31, 2023, 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*

Wipfli LLP  
Denver, Colorado

July 23, 2024

## **BASIC FINANCIAL STATEMENTS**



**HM METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 40,079,785
Property Tax Receivable	226
Total Assets	40,080,011
<b>LIABILITIES</b>	
Accounts Payable	4,000
Noncurrent Liabilities:	
Due in More Than One Year	77,116,494
Total Liabilities	77,120,494
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax	226
Total Deferred Inflows of Resources	226
<b>NET POSITION</b>	
Restricted for:	
Debt Service	7,327,321
Capital Projects	9,529
Unrestricted	(44,377,559)
Total Net Position	\$ (37,040,709)

See accompanying Notes to Basic Financial Statements.

**HM METROPOLITAN DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS Primary Government: Governmental Activities: Interest on Long-Term Debt and Related Costs Public Works  Total Governmental Activities	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses			Governmental Activities
	\$ 4,430,947	\$ -	\$ -	\$ (4,430,947)
	10,372,252	-	-	(10,372,252)
	<u>\$ 14,803,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(14,803,199)</u>
	<b>GENERAL REVENUES</b>			
	Net Investment Income			2,165,067
	Total General Revenues			<u>2,165,067</u>
	<b>CHANGE IN NET POSITION</b>			(12,638,132)
	Net Position - Beginning of Year			<u>(24,402,577)</u>
	<b>NET POSITION - END OF YEAR</b>			<u>\$ (37,040,709)</u>

See accompanying Notes to Basic Financial Statements.

**HM METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

<b>ASSETS</b>	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments - Restricted	\$ -	\$ 7,331,321	\$ 32,748,464	\$ 40,079,785
Property Tax Receivable	52	174	-	226
Total Assets	<u>\$ 52</u>	<u>\$ 7,331,495</u>	<u>\$ 32,748,464</u>	<u>\$ 40,080,011</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 4,000	\$ -	\$ 4,000
Total Liabilities	-	4,000	-	4,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	52	174	-	226
Total Deferred Inflows of Resources	52	174	-	226
<b>FUND BALANCES</b>				
Restricted for:				
Debt Service	-	7,327,321	-	7,327,321
Committed for:				
Capital Projects	-	-	32,748,464	32,748,464
Total Fund Balances	-	7,327,321	32,748,464	40,075,785
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52</u>	<u>\$ 7,331,495</u>	<u>\$ 32,748,464</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(77,041,493)
Developer Advance Payable	(61,476)
Developer Advance Interest Payable	(13,525)

Net Position of Governmental Activities

\$ (37,040,709)

See accompanying Notes to Basic Financial Statements.

**HM METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Net Investment Income	\$ -	\$ 353,386	\$ 1,811,681	\$ 2,165,067
<b>EXPENDITURES</b>				
Paying Agent Fees	-	4,000	-	4,000
Transfers to 64th Ave ARI Authority	-	-	1,084,349	1,084,349
Transfers to HM Metropolitan District No. 1	-	-	9,287,903	9,287,903
Total Expenditures	<u>-</u>	<u>4,000</u>	<u>10,372,252</u>	<u>10,376,252</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	349,386	(8,560,571)	(8,211,185)
Fund Balances - Beginning of Year	<u>-</u>	<u>6,977,935</u>	<u>41,309,035</u>	<u>48,286,970</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 7,327,321</u>	<u>\$ 32,748,464</u>	<u>\$ 40,075,785</u>

See accompanying Notes to Basic Financial Statements.

**HM METROPOLITAN DISTRICT NO. 2**  
**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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (8,211,185)

Amounts reported for governmental activities in the Statement of Activities are different because:

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.

Accretion on Bonds	(4,422,029)
Accrued Interest Payable on Developer Advances - Change in Liability	<u>(4,918)</u>

Changes in Net Position of Governmental Activities \$ (12,638,132)

**HM METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

HM Metropolitan District No. 2 (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 recorded 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 City). The District is located in the City.

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. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

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. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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.

The District had no capital assets as of December 31, 2023.

**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. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 40,079,785
Total Cash and Investments	\$ 40,079,785

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 9,529
Investments	40,070,256
Total Cash and Investments	\$ 40,079,785

**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, 2023, the District's cash deposits had a bank and carrying balance of \$9,529.

**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. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 40,070,256

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**HM METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST (Continued)**

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance - December 31, 2022	Additions	Retirements	Balance - December 31, 2023	Due Within One Year
Governmental Activities:					
Series 2021 Convertible					
Capital Appreciation Bonds	\$ 72,619,464	\$ 4,422,029	\$ -	\$ 77,041,493	\$ -
Developer Advances:					
Operations	61,476	-	-	61,476	-
Accrued Interest on					
Developer Advances:					
Operations	8,607	4,918	-	13,525	-
Total	<u>\$ 72,689,547</u>	<u>\$ 4,426,947</u>	<u>\$ -</u>	<u>\$ 77,116,494</u>	<u>\$ -</u>

**Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021 (the Bonds)**

**Bond Proceeds**

The District issued the Bonds on December 22, 2021, in the par amount of \$68,687,361 (value at issuance) and \$97,595,000 (value at conversion date). Proceeds from the sale of the Bonds were used for the purposes of: (i) paying or reimbursing a portion of the costs of acquiring, constructing, and installing certain public infrastructure improvements related to the Development; (ii) funding an initial deposit to the Surplus Fund; and (iii) paying the costs of issuing the Bonds.

**Details of the Bonds**

The Bonds are capital accretion bonds that automatically convert to current interest bonds on December 1, 2027. Prior to conversion to current interest bonds, the Bonds do not pay current interest and accrete in value at an annual yield equal to 6.000%. The accreted amount compounds semiannually on each June 1 and December 1, beginning June 1, 2022, from the date of delivery, to December 1, 2027.

**HM METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021 (the Bonds) (Continued)**

Details of the Bonds (Continued)

The accreted principal balance (the accreted amount together with the original principal amount of the Bonds) at conversion on December 1, 2027, will be \$97,595,000. Upon conversion to current interest bonds, the Bonds will bear interest at the rate of 5.750%, payable semiannually on June 1 and December 1, commencing on June 1, 2028. Annual principal payments are due on December 1 of each year beginning December 1, 2030. The Bonds mature on December 1, 2051.

On and after conversion to current interest bonds, to the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge, and shall continue to bear interest at the rate then borne by the Bond.

To the extent interest accrued on the accreted value of any Bond is not paid when due, such unpaid interest shall compound semiannually on each interest payment date at the rate borne by the Bond.

In the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061, the Bonds shall be deemed discharged.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029 to November 30, 2030	3.00 %
December 1, 2030 to November 30, 2031	2.00
December 1, 2031 to November 30, 2032	1.00
December 1, 2032 and Thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all PIF (Public Improvement Fee) Revenue; (d) all PILOT (Payment in Lieu of Taxes) Revenues; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

**HM METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021 (the Bonds) (Continued)**

Property Tax Revenues

“Property Tax Revenues” means all moneys derived from imposition by the District of the Required Mill Levy and do not include Specific Ownership Tax Revenues. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Required Mill Levy

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in an amount necessary to generate Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds when due (less any amount then on deposit in the Bond Fund and, solely to the extent provided in the Indenture, the Surplus Fund), but not in excess of 30 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after changed after January 1, 2004) for the applicable Mill Levy Certification Date. Mill Levy Certification Date means the date each year on which the District is required to impose the Required Mill Levy.

Pledged Revenue

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Required Mill Levy shall be equal to 30 mills (subject to adjustment) for the applicable Mill Levy Certification Date, or such lesser amount that will generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Bonds when due and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Bond Fund and the Surplus Fund, will pay the Bonds in full in the year such levy is collected. The maximum mill levy of 30 mills (as adjusted) shall be reduced by the number of mills necessary to pay unlimited mill levy debt.

Additional Security for the Bonds

The Bonds are also secured by the Surplus Fund which was partially funded from proceeds of the Bonds in the amount of \$6,868,736. Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$13,737,472. Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds shall be applied to the payment of the Bonds. The availability of such amount shall be taken into account in calculating the Required Mill Levy required to be imposed in the levy year prior to the year of final maturity of the Bonds. Except for the initial deposit to the Surplus Fund, the District has no obligation to fund the Surplus Fund in any amount.

**HM METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization**

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

The authorized but unissued debt as of December 31, 2023 is as follows:

	Authorized November 5, 2019 Election	Authorization Used	Remaining at December 31, 2023
Street Improvements	\$ 500,000,000	\$ 7,704,150	\$ 492,295,850
Parks and Recreation	500,000,000	7,704,150	492,295,850
Water	500,000,000	7,704,150	492,295,850
Sanitation/Storm Sewer	500,000,000	7,704,149	492,295,851
Transportation	500,000,000	7,704,149	492,295,851
Mosquito Control	500,000,000	7,704,149	492,295,851
Traffic and Safety Protection	500,000,000	7,704,149	492,295,851
Fire Protection	500,000,000	7,704,149	492,295,851
TV Relay and Translation	500,000,000	7,704,149	492,295,851
Security	500,000,000	7,704,149	492,295,851
Refunding of Debt	500,000,000	-	500,000,000
Operations Debt	500,000,000	-	500,000,000
IGAs as Debt	500,000,000	500,000,000	-
Total	<u>\$ 6,500,000,000</u>	<u>\$ 577,041,493</u>	<u>\$ 5,922,958,507</u>

Pursuant to the Service Plan the District shall not issue debt in excess of \$500,000,000.

**NOTE 5 AGREEMENTS**

**Amended and Restated 64<sup>th</sup> Ave ARI Authority Establishment Agreement**

On April 7, 2020, the District, Colorado International Center Metropolitan District No. 11 (CIC 11), Velocity Metropolitan District No. 4 (VMD 4), Velocity Metropolitan District No. 5 (VMD 5), Velocity Metropolitan District No. 6 (VMD 6) and the City entered into the 64<sup>th</sup> Ave ARI Authority Establishment Agreement (Establishment Agreement) to establish the 64<sup>th</sup> Ave. ARI Authority (Authority). The Establishment Agreement was amended and restated on July 28, 2020 (Amended and Restated Establishment Agreement), in part to remove the City as a party, and to add as parties Colorado International Center Metropolitan District Nos. 6, 7, 8, 9, and 10 (CIC 6, CIC 7, CIC 8, CIC 9, CIC 10, and together with the District, CIC 11, VMD 4, VMD 5 and VMD 6, the Authority Districts). The Amended and Restated Establishment Agreement provides for the financing, construction, and operation of the widening of the 64<sup>th</sup> Ave. bridge over E-470 and the extension of 64<sup>th</sup> Avenue from E-470 to Jackson Gap (64<sup>th</sup> Ave. Regional Improvements). Pursuant to the Amended and Restated Establishment Agreement, the Authority Districts are required to impose an ARI Mill Levy (as defined in the Amended and Restated Establishment Agreement) and remit the revenues therefrom to the Authority for the funding of the 64<sup>th</sup> Ave. Regional Improvements, payment of the Authority's administrative, operations, and maintenance expenses and repayment of the debt of the Authority.

**HM METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 AGREEMENTS (CONTINUED)**

**Amended and Restated 64<sup>th</sup> Ave ARI Authority Establishment Agreement (Continued)**

The first \$75,000 (adjusted by 1% per year beginning in 2021) of ARI Mill Levy revenue will be used to fund the Authority's administrative, operations, and maintenance expenses.

The Amended and Restated Establishment Agreement further provides that the budget for the 64<sup>th</sup> Ave. Regional Improvements is \$24,000,000, and the District will advance \$1,614,522 towards such costs. To the extent of funding shortfalls, the Authority is to, if feasible, revise the scope of the 64<sup>th</sup> Ave. Regional Improvements so as to make possible completion to final acceptance with the funds available. If such revisions do not enable completion to final acceptance with the funds available, the District is to advance 23% of the additional shortfall amount.

During 2023, the District transferred \$1,084,349 to the Authority pursuant to the Amended and Restated Establishment Agreement.

**Capital Pledge Agreement (Initial Principal Component: \$24,000,000)**

On October 1, 2020, the Authority, CIC 6, CIC 7, CIC 8, CIC 9, CIC 10 and CIC 11 (collectively the CIC Districts), the District, VMD 4, VMD 5 and VMD 6 and UMB Bank, N.A. entered into a Capital Pledge Agreement (Initial Principal Component: \$24,000,000) (Capital Pledge Agreement). The Capital Pledge Agreement establishes the terms by which the parties agreed to pledge certain revenues to the Authority for the payment of the Authority's Special Revenue Bonds, Series 2020 and Additional Obligations (as defined in the Capital Pledge Agreement), and covenanted to take certain actions with respect to generating such revenues, for the benefit of the holders of the Authority's Special Revenue Bonds, Series 2020 and any Additional Obligations. Specifically, the District agrees to impose the ARI Mill Levy, and remit the revenue therefrom, including specific ownership tax, to support the repayment of Authority's Special Revenue Bonds, Series 2020 and any Additional Obligations.

**Declaration of Covenants Imposing and Implementing the HM Metropolitan District No. 2 Public Improvement Fee**

On December 16, 2021, the Declarant executed a Declaration of Covenants Imposing and Implementing the HM Metropolitan District No. 2 Public Improvement Fee (PIF Covenant) on the PIF Property (as defined in the PIF Covenant) and caused the same to be recorded in the real property records of Adams County at Reception No. 2021000146992. Pursuant to the PIF Covenant, the District will acquire, construct, install, complete, operate and maintain the District Improvements (as defined in the PIF Covenant) and the Declarant will impose the public improvement fee in the amount of 3% on all PIF Sales (as defined in the PIF Covenant) that occur within the PIF Property (PIF), for the funding, payment and reimbursement of the District Improvement Costs (as defined in the PIF Covenant), in part or in whole, pursuant to the terms of the PIF Covenant. The revenue from the PIF, including all late fees and penalties payable in accordance with the PIF Covenant, net of cost of collection, are pledged to the payment of the District's Bonds (as discussed in Note 4).



**HM METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 AGREEMENTS (CONTINUED)**

**Facilities Funding, Construction, and Operations Agreement**

On December 1, 2021, HM Metropolitan District No. 1 (the Maintenance District) (District No. 1) entered into a Facilities Funding, Construction and Operations Agreement with the District and HM Metropolitan District Nos. 4, 5, 6, 7, 8, and 9 (collectively, along with the District, the Taxing Districts) (FFCOA). The FFCOA sets forth the terms pursuant to which the Maintenance District will own, operate, maintain, finance, and construct certain Public Improvements, and the Taxing Districts will contribute to the costs of construction, operation, management and maintenance of such Public Improvements. Under the FFCOA, a Taxing District will remit Bond (as defined in the FFCOA) proceeds to the Maintenance District for the reimbursement of Developer Advances (as defined in the FFCOA) made for Public Improvements or to fund additional actual capital costs in connection with Public Improvements necessary for development. During 2023, the District made no transfers to the Maintenance District under the FFCOA.

**Infrastructure Financing and Coordination Agreement Regarding Phase I Improvements**

On March 29, 2022, the District, District No. 1, HM Metropolitan District No. 3 (District No. 3), DIBC 56th Ave E-470, LLC, DIBC Cargo, LLC, Microsoft Corporation, and L.C. Fulenwider, Inc. (the Developer) entered into an Infrastructure Financing and Coordination Agreement Regarding Phase I (Phase I IFC Agreement). The Phase I IFC Agreement sets forth the parties' agreement with respect to the allocation of responsibility for funding, construction and reimbursement of funds advanced for construction of Phase I Improvements (as defined in the Phase I IFC Agreement) according to the terms and conditions of the Phase I IFC Agreement. Pursuant to the Phase I IFC Agreement, District No. 1 shall undertake the design, construction, and installation of all of the Phase I Improvements, including the acquisition of all applicable permits. The funding obligation for Phase I Improvements allocated to the District and District No. 3 is \$36,799,281 and \$24,218,087, respectively, subject to the terms of the Phase I IFC Agreement. During 2023, the District transferred \$9,287,903 to District No. 1 pursuant to the Phase I IFC Agreement.

**Declaration of Payment in Lieu of Taxes**

On December 16, 2021, the then-current owner of certain real property located within the District's boundaries, DIBC Cargo, LLC (Declarant) and the District entered into a Declaration of Payment in Lieu of Taxes and caused the same to be recorded in the real property records of Adams County on December 17, 2021 at Reception No. 2021000146991 (PILOT). The PILOT sets forth the terms pursuant to which the Declarant imposes upon the Property (as defined in the PILOT) certain covenants and restrictions set forth to secure the repayment of the District's Bonds (discussed under Note 4) and the payment of the District's Operation Expenses (as defined in the PILOT). The PILOT provides, generally, for the payment in lieu of taxes in an amount equal to the revenue that would be derived from the imposition by the District of a debt service mill levy and operating mill levy on that portion of taxable real and personal property were the owner of such property not exempt from taxation.

**HM METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 NET POSITION**

The District has net position consisting of two components – 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, 2023 as follows:

Restricted Net Position:	
Debt Service	\$ 7,327,321
Capital Projects	9,529
Total Restricted Net Position	<u>\$ 7,336,850</u>

The District has a deficit in unrestricted net position. The deficit at December 31, 2023 was primarily due to interest paid and related costs on long-term debts.

**NOTE 7 RELATED PARTIES**

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.

**Intergovernmental Operation Funding Agreement**

On July 28, 2020, the District, the Developer, and the Authority entered into an Intergovernmental Operation Funding Agreement (HM Metropolitan District No. 2/L.C. Fulenwider, Inc.) (Operation Funding IGA). The Operation Funding IGA sets forth (a) the rights, obligations and procedures for the advancing of funds for operation and maintenance expenses of the Authority above the amount already allocated from the revenue generated from the District's ARI Mill Levy designated for operations and maintenance, and (b) sets forth the procedure by which the Authority can request additional advances from the District and the Developer to cover any shortfall amount above and beyond the ARI Mill Levy Revenue pledged by the District and designated for the Authority's annual operations and maintenance, and the procedure by which the District and the Developer advance such funds.

**Intergovernmental Facilities Funding and Reimbursement Agreement**

On July 28, 2020, the District, the Developer, and the Authority entered into an Intergovernmental Facilities Funding and Reimbursement Agreement (HM Metropolitan District No. 2/L.C. Fulenwider, Inc.) (Facilities Funding IGA). The Facilities Funding IGA sets forth the rights, responsibilities, and obligations of the parties relative to the funding and reimbursement of all the costs related to the establishment of the Authority, as well as the design, construction, and pursuit of funding for the 64<sup>th</sup> Ave. Regional Improvements (defined above) prior to and since the execution of the Establishment Agreement (discussed above) and the costs related to the design, construction, and pursuit of funding the 64<sup>th</sup> Ave. Improvements prior to the Authority issuing bonds, including interest thereon.

**HM METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 RELATED PARTIES (CONTINUED)**

**Operation Funding Agreement**

On October 7, 2020, the District and the Developer entered into a 2020 Operation Funding Agreement, as amended on December 2, 2020 (OFA). The OFA sets forth the rights, obligations and procedures for the Developer to advance funds, and for the District to reimburse the Developer for said advances, up to a Shortfall Amount of \$155,000 to pay for operations, maintenance, and administrative expenses. Pursuant to the OFA, the Developer's obligation to fund the Shortfall Amount expires upon receipt of amounts sufficient to pay expenses incurred in 2020 through 2021. The advances bear an interest rate of 8% per annum. As of December 31, 2023, principal and interest in the amounts of \$61,476 and \$13,525, respectively, remain outstanding to the Developer under the OFA.

**Intergovernmental Facilities Funding and Reimbursement Agreement – Districts Funding Deposit and Project Budget Shortfall**

On October 7, 2020, the Authority, the District, and the Developer entered into an Intergovernmental Facilities Funding and Reimbursement Agreement – Districts Funding Deposit and Project Budget Shortfall (HM Metropolitan District No. 2/L.C. Fulenwider, Inc.) (FFRA IGA). The FFRA IGA sets forth the rights, responsibilities and obligations of the parties related to the funding and reimbursement of the budget shortfall for the 64<sup>th</sup> Ave. Regional Improvements (Budget Shortfall). The FFRA IGA provides that, as provided in the Amended and Restated Establishment Agreement, the District is to advance \$1,614,522 to the Authority for its share of the costs associated with the 64<sup>th</sup> Ave. Regional Improvements. To the extent of a Budget Shortfall, the Authority is to, if feasible, revise the scope of the 64<sup>th</sup> Ave. Regional Improvements so as to make possible completion to final acceptance with the funds available. If such revisions do not enable completion to final acceptance with the funds available, the District is to advance 23% of the Budget Shortfall. The FFRA IGA terminates upon final acceptance of all 64<sup>th</sup> Ave. Regional Improvements contemplated by the Authority, as outlined in the Amended and Restated Establishment Agreement.

**NOTE 8 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.

**HM METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

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.

**NOTE 9 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. 2  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 100,000	\$ 353,386	\$ 253,386
Total Revenues	<u>100,000</u>	<u>353,386</u>	<u>253,386</u>
<b>EXPENDITURES</b>			
Paying Agent Fees	4,000	4,000	-
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	96,000	349,386	253,386
Fund Balance - Beginning of Year	<u>6,949,822</u>	<u>6,977,935</u>	<u>28,113</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 7,045,822</u>	<u>\$ 7,327,321</u>	<u>\$ 281,499</u>

**HM METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 550,000	\$ 1,811,681	\$ 1,261,681
Total Revenues	<u>550,000</u>	<u>1,811,681</u>	<u>1,261,681</u>
<b>EXPENDITURES</b>			
Transfers to 64th Ave ARI Authority	-	1,084,349	(1,084,349)
Transfers to HM Metropolitan District No. 1	34,329,712	9,287,903	25,041,809
Contingency	3,704,046	-	3,704,046
Total Expenditures	<u>38,033,758</u>	<u>10,372,252</u>	<u>27,661,506</u>
<b>NET CHANGE IN FUND BALANCE</b>	(37,483,758)	(8,560,571)	28,923,187
Fund Balance - Beginning of Year	<u>37,483,758</u>	<u>41,309,035</u>	<u>3,825,277</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 32,748,464</u>	<u>\$ 32,748,464</u>

**HM METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2023**

Limited Tax General Obligation and Special Revenue Convertible Capital Appreciation Bonds, Series 2021  
Original Principal Amount of \$68,687,361  
\$97,595,000 (Current Interest Conversion Date)  
Dated December 22, 2021  
Interest at 5.75 - 6.00%  
Due June 1 and December 1

Year Ending December 31,	Value at Issuance \$68,687,361	Accretion	Accreted Value	Principal	Interest	Total
2024		\$ 4,692,368	\$ 81,733,861	\$ -	\$ -	\$ -
2025		4,977,345	86,711,206	-	-	-
2026		5,210,865	91,922,071	-	-	-
2027		5,672,929	97,595,000	-	-	-
2028				-	5,611,713	5,611,713
2029				-	5,611,713	5,611,713
2030				495,000	5,611,713	6,106,713
2031				1,420,000	5,583,250	7,003,250
2032				2,090,000	5,501,600	7,591,600
2033				2,225,000	5,381,425	7,606,425
2034				2,495,000	5,253,488	7,748,488
2035				2,645,000	5,110,025	7,755,025
2036				2,945,000	4,957,938	7,902,938
2037				3,125,000	4,788,600	7,913,600
2038				3,450,000	4,608,913	8,058,913
2039				3,660,000	4,410,538	8,070,538
2040				4,020,000	4,200,088	8,220,088
2041				4,265,000	3,968,938	8,233,938
2042				4,660,000	3,723,700	8,383,700
2043				4,940,000	3,455,750	8,395,750
2044				5,380,000	3,171,700	8,551,700
2045				5,700,000	2,862,350	8,562,350
2046				6,190,000	2,534,600	8,724,600
2047				6,560,000	2,178,675	8,738,675
2048				7,100,000	1,801,475	8,901,475
2049				7,520,000	1,393,225	8,913,225
2050				8,115,000	960,825	9,075,825
2051				8,595,000	494,213	9,089,213
Total				<u>\$ 97,595,000</u>	<u>\$ 93,176,450</u>	<u>\$ 190,771,450</u>



**HM METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuations	Mills Levied			Total Property Taxes		Percentage Collected To Levied
		General	Debt	ARI	Levied	Collected	
2020	\$ 10	0.000	0.000	0.000	\$ -	\$ -	N/A
2021	10	0.000	0.000	5.000	-	-	N/A
2022	10	0.000	30.000	5.000	-	-	N/A
2023	10	0.000	30.000	5.000	-	-	N/A
Estimated for the Year Ending December 31, 2024	\$ 5,290	5.000	32.806	5.000	\$ 226		

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.