HORIZON METROPOLITAN DISTRICT NO. 1

ARAPAHOE COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Horizon Metropolitan District No. 1
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Horizon Metropolitan District No. 1 ("District") as of and for the year ended December 31, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, the respective changes in financial position, and the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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.

Emphasis of Matter

As discussed in Note 11, these financial statements have been restated to correct for conveyances and disposals of capital assets not recorded in the previously issued December 31, 2024 financial statements. Our opinions are not modified with respect to these matters.

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, 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford LLP

Colorado Springs, Colorado
September 29, 2026

HORIZON METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 213,818
Cash and investments - restricted	14,200
Accounts receivable	9,705
Prepaid expenses	40,620
Due from Developers	74,540
Due from District No. 2	16,214
Due from District No. 3	8,044
Capital assets:	
Construction in progress	9,353,007
Total assets	9,730,148
LIABILITIES	
Accounts payable	75,560
Deferred revenue	22,025
Due to District No. 2	1,686
Due to District No. 3	2,582
Noncurrent liabilities:	
Due in more than one year	28,853,871
Total liabilities	28,955,724
NET POSITION	
Restricted for:	
Emergency reserve	14,200
Unrestricted	(19,239,776)
Total net position	$ (19,225,576)

The accompanying notes and independent auditor's report should be read with these financial statements.

HORIZON METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS / PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Primary government					
Government activities:					
General government	$ 963,151	$ 332,527	$ -	$ -	$ (630,624)
Interest and related costs on long-term debt	1,754,360	-	-	-	(1,754,360)
Capital assets conveyed to the City of Aurora	292,701	-	-	-	(292,701)
Total government activities	$ 3,010,212	$ 332,527	$ -	$ -	(2,677,685)
GENERAL REVENUES					
Other income					123
Transfer from District No. 2					186,403
Transfer from District No. 3					109,918
Transfer from District No. 4					9,399
Transfer from District No. 5					1,387
Total general revenues					307,230
Change in net position					(2,370,455)
Net position, beginning of year					(16,855,121)
Net position, end of year					$ (19,225,576)

The accompanying notes and independent auditor's report
should be read with these financial statements.

HORIZON METROPOLITAN DISTRICT NO. 1

BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 14,926	$ 198,892	$ 213,818
Cash and investments - restricted	14,200	-	14,200
Accounts receivable	9,705	-	9,705
Prepaid expenses	40,620	-	40,620
Due from Developers	74,540	-	74,540
Due from District No. 2	16,214	-	16,214
Due from District No. 3	8,044	-	8,044
Due from other funds	-	47,534	47,534
Total assets	$ 178,249	$ 246,426	$ 424,675
LIABILITIES			
Accounts payable	$ 73,467	$ 2,093	$ 75,560
Deferred revenue	22,025	-	22,025
Due to District No. 2	1,686	-	1,686
Due to District No. 3	2,582	-	2,582
Due to other funds	47,534	-	47,534
Total liabilities	147,294	2,093	149,387
FUND BALANCES			
Nonspendable:			
Prepaid expenses	40,620	-	40,620
Restricted for:			
Emergency reserve	14,200	-	14,200
Assigned to:			
Capital projects	-	244,333	244,333
Unassigned:			
Unrestricted	(23,865)	-	(23,865)
Total fund balances	30,955	244,333	275,288
Total liabilities and fund balances	$ 178,249	$ 246,426	
Amounts reported in 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:			
Construction in progress			9,353,007
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Developer advances			(22,207,022)
Accrued interest on developer advances			(6,646,849)
Net position of governmental activities			$ (19,225,576)

The accompanying notes and independent auditor's report should be read with these financial statements.

HORIZON METROPOLITAN DISTRICT NO. 1

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Administrative set-up fee	$ 22,250	$ -	$ 22,250
Covenant violations	14,322	-	14,322
Facilities fees	-	167,600	167,600
Stormwater maintenance fees	20,939	-	20,939
Trash and recycling fees	107,416	-	107,416
Other income	122	-	122
Transfer from District No. 2	186,403	-	186,403
Transfer from District No. 3	109,918	-	109,918
Transfer from District No. 4	9,399	-	9,399
Transfer from District No. 5	1,387	-	1,387
Total revenues	472,156	167,600	639,756
EXPENDITURES			
Current:			
Accounting and audit	98,925	-	98,925
Billing	45,926	-	45,926
Board fees	2,849	-	2,849
Constituent communications	25,306	-	25,306
Dues and membership	7,765	-	7,765
Events	14,833	-	14,833
Engineering	-	38,078	38,078
Election	3,739	-	3,739
Facilities management	37,010	-	37,010
Insurance	40,590	-	40,590
Landscaping and maintenance	175,801	-	175,801
Legal	92,292	-	92,292
Hardscaping and maintenance	13,790	-	13,790
Management fees	88,946	-	88,946
Postage	967	-	967
Repairs and maintenance	56,551	-	56,551
Utilities	217,355	-	217,355
Website	2,040	-	2,040
Capital projects:			
Construction management fees	-	388	388
Total expenditures	924,685	38,466	963,151
Excess of revenues over expenditures	(452,529)	129,134	(323,395)
OTHER FINANCING SOURCES AND USES			
Proceeds from developer advances	417,148	-	417,148
Total other financing sources and uses	417,148	-	417,148
Net change in fund balances	(35,381)	129,134	93,753
Fund balances, beginning of year	66,336	115,199	181,535
Fund balances, end of year	$ 30,955	$ 244,333	$ 275,288

The accompanying notes and independent auditor's report
should be read with these financial statements.

HORIZON METROPOLITAN DISTRICT NO. 1

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

Net change in fund balances	$	93,753
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 the cost of any depreciable assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:		
Capital assets conveyed to the City of Aurora		(292,701)
Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Developer advances		(417,147)
Change in accrued interest on developer advances		(1,754,360)
Change in net position	$	(2,370,455)

The accompanying notes and independent auditor's report should be read with these financial statements.

HORIZON METROPOLITAN DISTRICT NO. 1

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)

YEAR ENDED DECEMBER 31, 2025

	Original Budget	Actual	Variance
REVENUES			
Administrative set-up fee	$ 10,850	$ 22,250	$ 11,400
Covenant violations	10,500	14,322	3,822
Stormwater maintenance fees	18,300	20,939	2,639
Trash and recycling fees	102,144	107,416	5,272
Other income	-	122	122
Transfer from District No. 2	188,360	186,403	(1,957)
Transfer from District No. 3	107,824	109,918	2,094
Transfer from District No. 4	-	9,399	9,399
Transfer from District No. 5	-	1,387	1,387
Total revenues	437,978	472,156	34,178
EXPENDITURES			
Accounting and audit	92,050	98,925	(6,875)
Billing	45,475	45,926	(451)
Board fees	2,400	2,849	(449)
Constituent communications	13,485	25,306	(11,821)
Dues and membership	6,100	7,765	(1,665)
Events	26,000	14,833	11,167
Election	10,000	3,739	6,261
Facilities management	33,325	37,010	(3,685)
Insurance	45,000	40,590	4,410
Landscaping and maintenance	182,000	175,801	6,199
Hardscaping and maintenance	59,000	13,790	45,210
Legal	80,000	92,292	(12,292)
Management fees	65,100	88,946	(23,846)
Postage	-	967	(967)
Repairs and maintenance	112,000	56,551	55,449
Stormwater maintenance	46,000	-	46,000
Utilities	118,540	217,355	(98,815)
Website	2,500	2,040	460
Total expenditures	938,975	924,685	14,290
Excess of revenues over expenditures	(500,997)	(452,529)	48,468
OTHER FINANCING SOURCES AND USES			
Proceeds from developer advances	505,140	417,148	(87,992)
Total other financing sources and uses	505,140	417,148	(87,992)
Net change in fund balance	$ 4,143	(35,381)	$ (39,524)
Fund balance, beginning of year		66,336	
Fund balance, end of year		$ 30,955	

The accompanying notes and independent auditor's report should be read with these financial statements.

1. DEFINITION OF REPORTING ENTITY

Horizon Metropolitan District No. 1 ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed on March 6, 2006, and is governed pursuant to provisions of the Colorado Special District Act. The District was organized for the acquisition, installation, operation and maintenance of streets and traffic signals, water, sewer, storm drainage, and park and recreation facilities. The District's service area is located entirely within the City of Aurora ("City"), in Arapahoe County, Colorado. The District was organized in conjunction with other related districts, Horizon Metropolitan District No. 2 ("District No. 2"), Horizon Metropolitan District No. 3 ("District No. 3") and Horizon Metropolitan District Nos. 4, 5, 6, 7, 8, 9, and 10 (together with the District, District No. 2, and District No. 3, the "Districts").

The District follows 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, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources is reported as net position.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable 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. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. Total fund expenditures are appropriated. 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 funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), 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 and a useful life greater than one year. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

Interfund balances and transactions

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

Net position and fund balances

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.

Fund balances

Fund balances for governmental funds are 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. 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:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor’s report, the date these financial statements were available to be issued.

New accounting pronouncement

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 213,818
Cash and investments - restricted	14,200
	$ 228,018

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2025, are as follows:

Deposits with financial institutions	$ 228,018
	$ 228,018

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. The 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 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.

As of December 31, 2025, the District's cash deposits had a bank balance of $226,911 and a carrying balance of $228,018.

As of December 31, 2025, the District had no investments.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is as follows:

	Balance 01-01-25	Additions	Dispositions	Reclassifications	Balance 12-31-25
Governmental activities					
Capital assets, not depreciable:					
Construction in progress	$ 9,645,708	$ -	$ (292,701)	$ -	$ 9,353,007
Capital assets, not depreciable	$ 9,645,708	$ -	$ (292,701)	$ -	$ 9,353,007

The District conveyed $292,701 of construction in progress to another governmental entity during the year ending December 31, 2025. The District utilized an engineer to identify the amount of construction in progress conveyed to another governmental entity. The conveyances recorded by District Management during the year ended December 31, 2025 of $292,701 and those discussed in Note 11 to the financial statements were based on a report from the engineer dated September 23, 2026, with a status of “For Review.” The other disposals discussed in Note 11 included costs previously included construction in process that were considered to be related to the costs conveyed and longstanding capital costs that District Management does not believe were viable District assets as of December 31, 2024. District Management believes the estimates included in this report and those related to the other disposals represent the best information available and are materially correct in relation to the financial statements as a whole.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2025:

	Balance 01-01-25	Additions	Repayments / Amortization	Balance 12-31-25	Due Within One Year
Governmental activities					
Other long-term obligations:					
Developer advance - operational	$ 2,392,400	$ 417,147	$ -	$ 2,809,547	$ -
Developer advance - capital	19,397,475	-	-	19,397,475	-
Accrued interest on developer advance - operational	948,200	201,552	-	1,149,752	-
Accrued interest on developer advance - capital	3,944,289	1,552,808	-	5,497,097	-
Total long-term obligations	$ 26,682,364	$ 2,171,507	$ -	$ 28,853,871	$ -

Debt authorization

On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $1,805,000,000 at an interest rate not to exceed 18% per annum. On May 20, 2020, a majority of the qualified electors of the District authorized the issuance of additional indebtedness in an amount not to exceed $9,750,000,000 at an interest rate not to exceed 18% per annum. As of December 31, 2025, the District had authorized but unissued electoral indebtedness of $9,750,000,000. The 2020 election restated and replaced all previous authorized indebtedness approved at prior elections, including the indebtedness previously authorized during the 2005 election.

As set forth in the District’s Service Plan, the City has limited the amount of debt to be issued by the District to a total of $750,000,000 without further approval by the City. The District may levy up to 50.000 mills for debt service less the number of mills to pay the unlimited mill levy debt, if any, for the portion of any aggregate District debt that exceeds 50% of the District's assessed valuation, subject to adjustment. As of December 31, 2025, the District has had authorized but unissued service plan indebtedness of $750,000,000.

Developer advances

Developer advance - operational

Effective November 21, 2024, and as amended December 4, 2025, the District and Horizon Uptown (Denver) SPV, LLC ("Developer") entered into a Funding and Reimbursement Agreement ("FRA"). The FRA terminated and superseded a previous funding and reimbursement agreement with the Developer. At the effective date of the FRA, a subordinate promissory note for the outstanding prinicipal and interest under the previous funding and reimbursement agreement was issued. On December 4, 2025, the subordinate promissory note was refunded and the District issued a new subordinate promissory note. The Developer has agreed to advance the District funds necessary to fund operational and administrative expenses on a periodic basis through 2026 not to exceed $3,500,000. Advances made by the Developer will accrue interest at 8.00% per annum. Payments made by the District to the Developer will first be applied to unpaid interest and then to outstanding principal due. Any obligation of the District to reimburse the Developer will expire on December 31, 2060. As of December 31, 2025, the outstanding developer advance totaled $2,809,547 and accrued interest related to the developer advance totaled $1,149,752.

Developer advance - capital

Effective November 21, 2024, and as amended December 4, 2025, the District and the Developer entered into an Improvement Acquisition, Advance and Reimbursement Agreement ("IAARA"), that terminated and superseded a previous facilities funding and acquisition agreement. At the effective date of the IAARA, a subordinate promissory note for the outstanding principal and interest under the previous facilities funding and acquisition agreement was issued. The Developer has agreed to fund construction of improvements to be acquired by the District or constructed by the District in an amount not to exceed $26,000,000. Advances made by the Developer will accrue interest at 8.00% per annum. Payments made by the District to the Developer will first be applied to unpaid interest and then to outstanding principal due. Any outstanding principal or interest obligation of the District under the IAARA will be discharged and satisfied in full on December 31, 2060. As of December 31, 2025, the outstanding developer advance totaled $19,397,475 and accrued interest related to the developer advance totaled $5,497,097.

6. NET POSITION

The District has net position consisting of restricted, and unrestricted.

Restricted net position includes balances with external restrictions 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 a restricted net position as of December 31, 2025, as follows:

Restricted net position:	
Emergency reserve (Note 10)	$ 14,200

The District has a deficit in unrestricted net position as of December 31, 2025. This deficit is the result of the District being responsible for the repayment of long-term obligations for public improvements, of which a significant portion were conveyed to other governmental entities and which costs were removed from the District's financial records.

7. AGREEMENTS

First Amended and Restated Intergovernmental Agreement between the District and the City of Aurora

Effective January 18, 2006, and as amended and restated on August 23, 2010, the District entered into an intergovernmental agreement with the City of Aurora in which the District agreed to dedicate public improvements to the City or other appropriate jurisdiction or owners association and to maintain all public improvements which are not accepted for operation and maintenance by the City or other public entity.

Facilities, Funding, Construction, and Operation Agreement

Effective November 30, 2017, and as amended August 6, 2020, the District, District No. 2, and District No. 3 entered into the Facilities Funding, Construction, and Operation Agreement ("FFCO"). The FFCO establishes the District's responsibility, as the operating district, for constructing, designing, financing, and operating the public improvements that benefit the District, District No. 2, and District No. 3, and establishes District No. 2's and District No. 3's obligations, as the taxing districts, to pay for the services and benefits of the public improvements received from the District. The FFCO further provides that the District will own, operate, maintain, finance, and construct certain public improvements, and the District, District No. 2, and District No. 3 will contribute to the costs of construction, operation, management, and maintenance of the public improvements. The District will also provide for the operation, maintenance, and administrative services of the District, District No. 2, and District No. 3.

The intergovernmental revenues are transferred from District No. 2 and District No. 3. The District will coordinate the payment of administrative expenditures for these districts as well as the District's own administrative expenditures.

Intergovernmental cost sharing and recovery agreement with Horizon Metropolitan District No. 4

Effective May 17, 2022, the District and Horizon Metropolitan District No. 4 ("District No. 4") entered into an intergovernmental cost sharing and recovery agreement, in which District No. 4 agreed to implement an ad valorem mill levy tax within its boundaries to assist in the repayment of public improvement operation and maintenance costs incurred by the District and administrative costs incurred by the District.

Intergovernmental cost sharing and recovery agreement with Horizon Metropolitan District No. 5

Effective May 17, 2022, the District and Horizon Metropolitan District No. 5 ("District No. 5") entered into an intergovernmental cost sharing and recovery agreement, in which District No. 5 agreed to implement an ad valorem mill levy tax within its boundaries to assist in the repayment of public improvement operation and maintenance costs incurred by the District and administrative costs incurred by the District.

The Urban Renewal Plan

All of the property within the boundaries of the Districts is subject to the Horizon Uptown Urban Renewal Plan ("Urban Renewal Plan"). The Urban Renewal Plan specifies, for the purposes of the Urban Renewal Law, that the Horizon Uptown Urban Renewal Area ("Urban Renewal Area") encompasses all of Horizon Uptown (a larger mixed-use development that includes the Districts). Until the expiration of the tax increment financing ("TIF"), which was authorized on March 8, 2010, pursuant to the Urban Renewal Plan, all property taxes resulting from imposition of ad valorem property taxes on the assessed valuation of all taxable property in the Urban Renewal Area (which includes all of property within the boundaries of the Districts) in excess of the base assessed valuation (incremental assessed valuation) are payable to the Aurora Urban Renewal Authority ("AURA") pursuant to the Urban Renewal Plan and the Urban Renewal Law.

Cooperation Agreement

Effective June 15, 2021, the District and Horizon Metropolitan District Nos. 2 – 6 entered into a Cooperation Agreement with AURA. Per the Cooperation Agreement, in consideration of the Districts providing public improvements and services to the property in the service plan and Urban Renewal Plan, AURA agreed that the portion of revenues it receives as a result of tax increment revenues attributable to the Districts' current and future levy of ad valorem taxes within the Urban Renewal Plan will be paid to the Districts within 15 days of receipt.

Facilities fees

Effective May 17, 2018, and as subsequently amended January 1, 2021 and June 14, 2021, the District and District No. 2 adopted a facilities fee resolution imposing facilities fees which are due and payable on or before the date of issuance of a building permit. Effective January 19, 2021, and as amended on June 14, 2021, the District and District No. 3 adopted a similar resolution. Effective May 17, 2022, the District adopted similar resolutions with District No. 4 and District No. 5. The fee, at the District's discretion, may be used for costs associated with the payment of bonds, capital infrastructure or any other indebtedness of the District. The fees are $1,200 per single family detached or attached residential unit, $1,000 per multi-family residential unit, and $0.50 per gross square foot of interior space intended for nonresidential use as defined.

Trash and recycling fees

Effective January 1, 2024, the District adopted a trash and recycling fee resolution that replaced a previous trash and recycling fee resolution from September 7, 2022. The trash and recycling fee was imposed at a quarterly fee for trash and recycling services at $84 per residential unit.

Stormwater maintenance fee

Effective January 1, 2024, the Districts adopted a stormwater system fee resolution where the stormwater system fee is imposed at a rate of $75 per multi-family unit per quarter to defray the District's costs associated with the provision of stormwater maintenance.

Administrative set-up fee

Effective April 3, 2024, the District adopted an administrative set-up fee in the amount of $250 per residential unit. Subsequent to December 31, 2025, the District considered an amended and restated resolution increasing the administrative set-up fee to $275 per residential unit.

Covenant violation fines

Effective November 21, 2024, the District adopted fines ranging from $100 to $300 for violations of covenant and design standards within the District.

8. RELATED PARTIES

The Developer of the property within the District is Horizon Uptown (Denver) SPV, LLC and its parent entities. The members of the board of directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

9. RISK MANAGEMENT

The District is 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, 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.

10. TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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 within the state of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On May 5, 2020, the District's voters approved a ballot issue allowing the District to retain all revenues.

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.

District management believes the District 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 likely require judicial interpretation.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

11. CORRECTION OF ERROR ON PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The previously issued December 31, 2024 financial statements included the following error:

- The District did not recognize capital assets conveyed to other governmental entities and other capital asset disposals of $29,434,169.

	As Previously Reported	Adjustment Increase (Decrease)	As Restated
Government-wide financial statements:			
Financial statement line items:			
Capital assets	$ 39,079,877	$ (29,434,169)	$ 9,645,708
Net position	12,579,048	(29,434,169)	(16,855,121)

* * * * * * *

SUPPLEMENTARY INFORMATION

HORIZON METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)

YEAR ENDED DECEMBER 31, 2025

	Original Budget	Actual	Variance
REVENUES			
Facilities fees	$ 150,600	$ 167,600	$ 17,000
Total revenues	150,600	167,600	17,000
EXPENDITURES			
Engineering	500,000	38,078	461,922
Construction management fees	5,400,000	388	5,399,612
Total expenditures	5,900,000	38,466	5,861,534
Excess of revenues over expenditures	(5,749,400)	129,134	5,878,534
OTHER FINANCING SOURCES AND USES			
Proceeds from developer advances	5,900,000	-	(5,900,000)
Interest payments on developer advance	(150,600)	-	150,600
Total other financing sources and uses	5,749,400	-	(5,749,400)
Net change in fund balance	$ -	129,134	$ 129,134
Fund balance, beginning of year		115,199	
Fund balance, end of year		$ 244,333	

The accompanying notes and independent auditor's report should be read with these financial statements.