

**HAWTHORN METROPOLITAN DISTRICT**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2023**

**HAWTHORN METROPOLITAN DISTRICT  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

|   | ACTUAL<br>2021    | ESTIMATED<br>2022 | BUDGET<br>2023    |
|---|-------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES   | \$ 490,180        | \$ 656,350        | \$ 327,150        |
| REVENUES  |                   |                   |                   |
| Interest Income   | 181               | 5,050             | 8,800             |
| Operations Fees   | 108,783           | -                 | -                 |
| Loan Issuance   | -                 | 8,715,000         | -                 |
| Property Taxes  | 683,135           | 793,777           | 688,364           |
| Specific Ownership Taxes  | 52,291            | 53,301            | 48,186            |
| Total revenues  | <u>844,390</u>    | <u>9,567,128</u>  | <u>745,350</u>    |
| TRANSFERS IN  | <u>87,658</u>     | -                 | -                 |
| Total funds available   | <u>1,422,228</u>  | <u>10,223,478</u> | <u>1,072,500</u>  |
| EXPENDITURES  |                   |                   |                   |
| General Fund  | 102,503           | 255,429           | 385,000           |
| Operations Fund   | 196,441           | -                 | -                 |
| Debt Service Fund   | 379,276           | 9,640,899         | 450,000           |
| Total expenditures  | <u>678,220</u>    | <u>9,896,328</u>  | <u>835,000</u>    |
| TRANSFERS OUT   | <u>87,658</u>     | -                 | -                 |
| Total expenditures and transfers out<br>requiring appropriation | <u>765,878</u>    | <u>9,896,328</u>  | <u>835,000</u>    |
| ENDING FUND BALANCES  | <u>\$ 656,350</u> | <u>\$ 327,150</u> | <u>\$ 237,499</u> |
| Emergency Reserve   | \$ 6,100          | \$ 7,800          | \$ 8,600          |
| Available for Operations  | 101,614           | 102,226           | 1,575             |
| Surplus Fund  | 548,636           | -                 | -                 |
| TOTAL RESERVE   | <u>\$ 656,350</u> | <u>\$ 110,026</u> | <u>\$ 10,175</u>  |

No assurance provided. See summary of significant assumptions.

**HAWTHORN METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

|                                | ACTUAL<br>2021           | ESTIMATED<br>2022        | BUDGET<br>2023           |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| <b>ASSESSED VALUATION</b>      |                          |                          |                          |
| Residential                    | \$ 8,987,083             | \$ 9,922,007             | \$ 9,644,512             |
| State assessed                 | -                        | -                        | 1,867                    |
| Vacant land                    | 203                      | 203                      | 203                      |
| Personal property              | -                        | -                        | 187,188                  |
| Certified Assessed Value       | <u>\$ 8,987,286</u>      | <u>\$ 9,922,210</u>      | <u>\$ 9,833,770</u>      |
| <b>MILL LEVY</b>               |                          |                          |                          |
| General                        | 20.382                   | 24.337                   | 27.100                   |
| Debt Service                   | 55.663                   | 55.663                   | 42.900                   |
| Total mill levy                | <u>76.045</u>            | <u>80.000</u>            | <u>70.000</u>            |
| <b>PROPERTY TAXES</b>          |                          |                          |                          |
| General                        | \$ 183,179               | \$ 241,477               | \$ 266,495               |
| Debt Service                   | 500,259                  | 552,300                  | 421,869                  |
| Levied property taxes          | 683,438                  | 793,777                  | 688,364                  |
| Adjustments to actual/rounding | (303)                    | -                        | -                        |
| Budgeted property taxes        | <u>\$ 683,135</u>        | <u>\$ 793,777</u>        | <u>\$ 688,364</u>        |
| <b>BUDGETED PROPERTY TAXES</b> |                          |                          |                          |
| General                        | <b>\$ 183,098</b>        | <b>\$ 241,477</b>        | <b>\$ 266,495</b>        |
| Debt Service                   | <b>500,037</b>           | <b>552,300</b>           | <b>421,869</b>           |
|                                | <u><b>\$ 683,135</b></u> | <u><b>\$ 793,777</b></u> | <u><b>\$ 688,364</b></u> |

No assurance provided. See summary of significant assumptions.

**HAWTHORN METROPOLITAN DISTRICT  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

|   | ACTUAL<br>2021 | ESTIMATED<br>2022 | BUDGET<br>2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE  | \$ 100,742     | \$ 107,714        | \$ 110,026     |
| <b>REVENUES</b>   |                |                   |                |
| Interest Income   | 19             | 50                | -              |
| Property Taxes  | 183,098        | 241,477           | 266,495        |
| Specific Ownership Taxes  | 14,016         | 16,214            | 18,655         |
| Total revenues  | 197,133        | 257,741           | 285,150        |
| Total funds available   | 297,875        | 365,455           | 395,176        |
| <b>EXPENDITURES</b>   |                |                   |                |
| General and administrative                                      |                |                   |                |
| Accounting  | 25,915         | 28,600            | 30,000         |
| Audit   | 4,900          | 5,500             | 6,000          |
| County Treasurer's Fee  | 2,747          | 3,622             | 3,997          |
| Covenant enforcement  | -              | 5,000             | 5,000          |
| Directors' Fees   | 2,400          | 2,000             | 2,000          |
| District management   | -              | 12,500            | 18,000         |
| Dues  | 542            | 554               | 750            |
| Elections   | -              | 2,477             | -              |
| Insurance   | 11,651         | 10,993            | 12,300         |
| Legal   | 53,480         | 50,000            | 50,000         |
| Miscellaneous   | 868            | 1,000             | 2,203          |
| Operations and Maintenance                                      |                |                   |                |
| Electricity   | -              | 250               | 250            |
| Grounds Cleanup   | -              | 2,500             | 3,500          |
| Irrigation repairs  | -              | 2,500             | 3,000          |
| Landscape improvements  | -              | 15,000            | 130,000        |
| Landscape Maintenance Contract                                  | -              | 28,245            | 30,000         |
| North Table Mtn IGA   | -              | 16,618            | 17,250         |
| Snow Removal  | -              | 16,000            | 17,250         |
| Trash Removal   | -              | 46,600            | 48,000         |
| Water   | -              | 5,000             | 5,000          |
| Website   | -              | 470               | 500            |
| Total expenditures  | 102,503        | 255,429           | 385,000        |
| <b>TRANSFERS OUT</b>  |                |                   |                |
| Transfer to other fund  | 87,658         | -                 | -              |
| Total expenditures and transfers out<br>requiring appropriation | 190,161        | 255,429           | 385,000        |
| ENDING FUND BALANCE   | \$ 107,714     | \$ 110,026        | \$ 10,175      |
| Emergency Reserve   | \$ 6,100       | \$ 7,800          | \$ 8,600       |
| Available for Operations  | 101,614        | 102,226           | 1,575          |
| TOTAL RESERVE   | \$ 107,714     | \$ 110,026        | \$ 10,175      |

No assurance provided. See summary of significant assumptions.

**HAWTHORN METROPOLITAN DISTRICT  
OPERATIONS FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

|   | ACTUAL<br>2021 | ESTIMATED<br>2022 | BUDGET<br>2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE  | \$ -           | \$ -              | \$ -           |
| REVENUES  |                |                   |                |
| Operations Fees   | 108,783        | -                 | -              |
| Total revenues  | <u>108,783</u> | <u>-</u>          | <u>-</u>       |
| TRANSFERS IN  |                |                   |                |
| Transfers from Other Fund                                       | <u>87,658</u>  | <u>-</u>          | <u>-</u>       |
| Total funds available   | <u>196,441</u> | <u>-</u>          | <u>-</u>       |
| EXPENDITURES  |                |                   |                |
| General and Administrative                                      |                |                   |                |
| Covenant Enforcement  | 14,403         | -                 | -              |
| District Management   | 6,915          | -                 | -              |
| Operations and Maintenance                                      |                |                   |                |
| Electricity   | 171            | -                 | -              |
| Grounds Cleanup   | 1,346          | -                 | -              |
| Landscape Improvements  | 74,397         | -                 | -              |
| Landscape Maintenance Contract                                  | 26,517         | -                 | -              |
| North Table Mtn IGA   | 15,406         | -                 | -              |
| Snow Removal  | 9,387          | -                 | -              |
| Trash Removal   | 43,931         | -                 | -              |
| Water   | 3,968          | -                 | -              |
| Total expenditures  | <u>196,441</u> | <u>-</u>          | <u>-</u>       |
| Total expenditures and transfers out<br>requiring appropriation | <u>196,441</u> | <u>-</u>          | <u>-</u>       |
| ENDING FUND BALANCE   | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ -</u>    |

No assurance provided. See summary of significant assumptions.

**HAWTHORN METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/23

|   | ACTUAL<br>2021    | ESTIMATED<br>2022 | BUDGET<br>2023    |
|---|-------------------|-------------------|-------------------|
| BEGINNING FUND BALANCE  | \$ 389,438        | \$ 548,636        | \$ 217,124        |
| REVENUES  |                   |                   |                   |
| Interest income   | 162               | 5,000             | 8,800             |
| Property Taxes  | 500,037           | 552,300           | 421,869           |
| Specific Ownership Taxes  | 38,275            | 37,087            | 29,531            |
| Loan Issuance   | -                 | 8,715,000         | -                 |
| Total revenues  | <u>538,474</u>    | <u>9,309,387</u>  | <u>460,200</u>    |
| Total funds available   | <u>927,912</u>    | <u>9,858,023</u>  | <u>677,324</u>    |
| EXPENDITURES  |                   |                   |                   |
| Bond Interest - Series 2017A                                    | 293,775           | 145,313           | -                 |
| Bond Principal - Series 2017A                                   | 70,000            | -                 | -                 |
| Loan interest   | -                 | 180,000           | 337,041           |
| Loan principal  | -                 | 165,000           | 90,000            |
| County Treasurer's Fee  | 7,501             | 8,285             | 6,328             |
| Paying Agent Fees   | 8,000             | 8,000             | 8,000             |
| Refunding bond payment  | -                 | 8,889,901         | -                 |
| Loan issue costs  | -                 | 244,400           | -                 |
| Contingency   | -                 | -                 | 8,631             |
| Total expenditures  | <u>379,276</u>    | <u>9,640,899</u>  | <u>450,000</u>    |
| Total expenditures and transfers out<br>requiring appropriation | <u>379,276</u>    | <u>9,640,899</u>  | <u>450,000</u>    |
| ENDING FUND BALANCE   | <u>\$ 548,636</u> | <u>\$ 217,124</u> | <u>\$ 227,324</u> |
| Surplus Fund  | <u>\$ 548,636</u> | <u>\$ -</u>       | <u>\$ -</u>       |
| TOTAL RESERVE   | <u>\$ 548,636</u> | <u>\$ -</u>       | <u>\$ -</u>       |

No assurance provided. See summary of significant assumptions.

**HAWTHORN METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado (originally as Hawthorn Metropolitan District No. 2), was organized by court order and decree of the District Court for the County of Jefferson on December 5, 2012, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with Hawthorn Metropolitan District No. 1, which is now dissolved.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided as part of an intergovernmental agreement with the County.

On November 6, 2012, the District's voters authorized total indebtedness of \$300,000,000 for the above listed facilities and \$30,000,000 for operations and maintenance, \$30,000,000 for both intergovernmental and private agreements, and \$30,000,000 for refunding. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs. Per the District's service plan, the maximum debt mill levy is 50.000 mills, as adjusted. The maximum mill levy is 55.663 mills. Additionally the service plan limits the total amount of debt issued between both Districts to \$10,000,000.

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

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

**HAWTHORN METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Property Taxes (continued)**

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

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

**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% of the property taxes collected.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.00%.

**Expenditures**

**County Treasurer's Fees**

County Treasurer's collection fees have been computed at 1.5% of property taxes.

**Administrative Expenditures**

Administration expenses include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues and membership, and other administrative expenses.

**Operations and Maintenance Expenditures**

Anticipated operations and maintenance expenditures, such as landscaping, trash removal and snow removal, are shown on the General Fund page of the budget.

**Debt Service**

Principal and interest payments in 2023 are provided based on the debt amortization schedule from the Series 2022 General Obligation Refunding Loan (discussed under Debt and Leases).



**HAWTHORN METROPOLITAN DISTRICT  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

On August 3, 2022, the District issued its \$8,715,000 General Obligation Refunding Loan, Series 2022 (2022 Loan). The proceeds from the 2022 Loan was applied to refunding the 2017 Bonds of the District, reimbursing and paying the costs of issuing the 2022 Loan. The 2022 Loan bears interest at 3.942% and 4.928%, payable semi-annually on June 1 and December 1, beginning on December 1, 2022. Principal payments are due on December 1, beginning on December 1, 2022. The 2022 Loan matures on December 1, 2052.

|                                      | Balance at<br>December 31,<br>2021 | Additions       | Reductions          | Balance at<br>December 31,<br>2022* |
|--------------------------------------|------------------------------------|-----------------|---------------------|-------------------------------------|
| Bonds Payable:                       |                                    |                 |                     |                                     |
| Series 2017A                         | \$ 5,950,000                       | \$ -            | \$ 5,950,000        | \$ -                                |
| Series 2017B                         | 820,000                            | -               | 820,000             | -                                   |
| Series 2017C                         | 928,000                            | -               | 928,000             | -                                   |
| Accrued Interest - 2017B             | 268,415                            | -               | 268,415             | -                                   |
| Accrued Interest - 2017C             | 436,691                            | -               | 436,691             | -                                   |
| Bond Premium                         | 91,574                             | -               | 91,574              | -                                   |
| Other Debts:                         |                                    |                 |                     |                                     |
| Series 2022 Loan                     | 8,715,000                          |                 | 165,000             | 8,550,000                           |
| Developer Advances                   | 120,000                            | -               | -                   | 120,000                             |
| Accrued Interest - Developer Advance | 69,813                             | 9,600           | -                   | 79,413                              |
| Total                                | <u>\$ 17,399,493</u>               | <u>\$ 9,600</u> | <u>\$ 8,659,680</u> | <u>\$ 8,749,413</u>                 |

|                                      | Balance at<br>December 31,<br>2022* | Additions       | Reductions  | Balance at<br>December 31,<br>2023* |
|--------------------------------------|-------------------------------------|-----------------|-------------|-------------------------------------|
| Other Debts:                         |                                     |                 |             |                                     |
| Series 2022 Loan                     | \$ 8,550,000                        | \$ -            | \$ 90,000   | \$ 8,460,000                        |
| Developer Advances                   | 120,000                             | -               | -           | 120,000                             |
| Accrued Interest - Developer Advance | 79,413                              | 9,600           | -           | 89,013                              |
| Total                                | <u>\$ 8,749,413</u>                 | <u>\$ 9,600</u> | <u>\$ -</u> | <u>\$ 8,669,013</u>                 |

\*Estimated

The District has no operating or capital leases.

**Reserve Funds**

**Emergency Reserve**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending.

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

**HAWTHORN METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$8,715,000**

**General Obligation Refunding Loan**

**Series 2022, Dated August 3, 2022**

**Interest Rate 3.942% to 4.928%**

**Payable June 1 and December 1**

**Principal Due December 1**

| <u>Year Ending<br/>December 31,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|-------------------------------------|---------------------|---------------------|----------------------|
| 2023                                | \$ 90,000           | \$ 337,041          | \$ 427,041           |
| 2024                                | 115,000             | 333,493             | 448,493              |
| 2025                                | 120,000             | 328,960             | 448,960              |
| 2026                                | 130,000             | 324,230             | 454,230              |
| 2027                                | 140,000             | 319,105             | 459,105              |
| 2028                                | 155,000             | 313,586             | 468,586              |
| 2029                                | 160,000             | 307,476             | 467,476              |
| 2030                                | 175,000             | 301,169             | 476,169              |
| 2031                                | 180,000             | 294,270             | 474,270              |
| 2032                                | 200,000             | 287,175             | 487,175              |
| 2033                                | 205,000             | 279,290             | 484,290              |
| 2034                                | 225,000             | 271,210             | 496,210              |
| 2035                                | 235,000             | 262,340             | 497,340              |
| 2036                                | 250,000             | 253,076             | 503,076              |
| 2037                                | 260,000             | 243,221             | 503,221              |
| 2038                                | 280,000             | 232,972             | 512,972              |
| 2039                                | 295,000             | 221,935             | 516,935              |
| 2040                                | 315,000             | 210,306             | 525,306              |
| 2041                                | 325,000             | 197,888             | 522,888              |
| 2042                                | 340,000             | 193,955             | 533,955              |
| 2043                                | 340,000             | 195,975             | 535,975              |
| 2044                                | 365,000             | 180,675             | 545,675              |
| 2045                                | 390,000             | 164,250             | 554,250              |
| 2046                                | 405,000             | 146,700             | 551,700              |
| 2047                                | 425,000             | 128,475             | 553,475              |
| 2048                                | 445,000             | 109,350             | 554,350              |
| 2049                                | 465,000             | 89,325              | 554,325              |
| 2050                                | 485,000             | 68,400              | 553,400              |
| 2051                                | 505,000             | 46,575              | 551,575              |
| 2052                                | 530,000             | 23,850              | 553,850              |
|                                     | <u>\$ 8,550,000</u> | <u>\$ 6,666,273</u> | <u>\$ 15,216,273</u> |

No assurance provided. See summary of significant assumptions.