

HORSE CREEK METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Young-Sun Yun	President	2023/May 2023
Allison Provence	Assistant Secretary	2023/May 2023
Richard Wild	Assistant Secretary	2025/May 2025
Ray Bockness		2025/May 2025
VACANT		2023/May 2023

DATE: May 10, 2022

TIME: 6:00 P.M.

PLACE: **ZOOM**

Join Zoom Meeting

<https://us02web.zoom.us/j/6464033676?pwd=bzJUOHBHNXNEQ2JYUTJkYkZ0b3B3Zz09>

Meeting ID: 646 403 3676

Passcode: 267458

Dial In: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of meeting and posting of meeting notices and designate 24-Hour posting location.

C. Discuss results of May 3, 2022 Regular Election (enclosure).

D. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

- E. Review and approve Minutes of the October 12, 2021 special meeting and the October 27, 2021 reconvened special meeting (enclosures).
-

II. PUBLIC COMMENTS

- A. _____

III. FINANCIAL MATTERS

- A. Review and ratify approval of the payment of claims for the periods ending (enclosures):

	Period ending Nov. 17, 2021	Period ending Dec. 15, 2021	Period ending Jan. 18, 2022
General Fund	\$ 3,819.34	\$ 3,927.18	\$ 1,601.00
Debt Service Fund	\$ 300.00	\$ -0-	\$ -0-
Capital Fund	\$ -0-	\$ -0-	\$ -0-
Total	\$ 4,119.34	\$ 3,927.18	\$ 1,601.00

	Period ending Feb. 8, 2022	Period ending March 9, 2022	Period ending April 8, 2022
General Fund	\$ 1,421.46	\$ 2,490.66	\$ 1,535.41
Debt Service Fund	\$ -0-	\$ -0-	\$ -0-
Capital Fund	\$ -0-	\$ -0-	\$ -0-
Total	\$ 1,421.46	\$ 2,490.66	\$ 1,535.41

- B. Review and accept Unaudited Financial Statements through the period ending March 31, 2022 and cash position statement dated March 31, 2022 (enclosure).
-

- C. Conduct Public Hearing to consider Amendment to 2021 Budget and consider adoption of Resolution to Amend the 2021 Budget and Appropriate Expenditures (enclosure).
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- D. Review and consider approval of 2021 Audited Financial Statements and authorize execution of Representations Letter (enclosures).
-

IV. LEGAL MATTERS

- A. Review and consider approval of the engagement of Cockrel Ela Glesne Greher & Ruhland, P.C. as District General Counsel (enclosure).
-

- B. Acknowledge resignation of McGeady Becher P.C. as District General Counsel.
-

V. OTHER MATTERS

- A. _____

- VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 11, 2022.**

NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the Horse Creek Metropolitan District, Douglas County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 3, 2022 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
VACANT	Next Regular Election, May 2023
Ray Bockness	Second Regular Election, May 2025
Richard Wild	Second Regular Election, May 2025

/s/Matt Cohrs
(Designated Election Official)

Contact Person for the District:	Matt Cohrs
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	mcohres@sdmsi.com

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE HORSE CREEK METROPOLITAN DISTRICT HELD OCTOBER 12, 2021

A special meeting of the Board of Directors (the “Board”) of the Horse Creek Metropolitan District (the “District”) was convened on Tuesday, the 12th day of October, 2021, at 6:00 P.M. via Zoom. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the District Board meeting was held and properly noticed to be held via Zoom. The meeting was open to the public via Zoom.

ATTENDANCE

Directors In Attendance Were:

Allison Provence
Richard Wild

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the absence of Director Young-Sun Yun was excused.

Also In Attendance Were:

Matt Cohrs and Jim Ruthven; Special District Management Services, Inc. (“SDMS”)

MaryAnn M. McGeady, Esq. and Tim O’Connor, Esq.; McGeady Becher P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or breaches of fiduciary duty to the Board of Directors and the Secretary of State. Attorney McGeady noted that a quorum was present and requested that members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No conflicts were disclosed.

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District’s special meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the Agenda was approved, as amended.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. It was noted that due to concerns regarding the spread of the COVID-19 and the benefits to the control of the spread of the virus by limiting in-person contact, the District meeting was held and properly noticed to be held via Zoom, without any individuals (neither District representatives nor the general public) attending in person. The Board further noted that notice providing the Zoom information was duly posted and that they have not received any objections or any requests that the means of hosting the meeting be changed by taxpaying electors within the District's boundaries.

Minutes: The Board reviewed the Minutes of the May 25, 2021 special meeting, June 16, 2021 special meeting and July 7, 2021 special meeting.

Following discussion, upon motion duly made by Director Wild, seconded by Director Provence and, upon vote, unanimously carried, the Minutes of the May 25, 2021 special meeting, June 16, 2021 special meeting and July 7, 2021 special meeting were approved, as presented.

Resolution No. 2021-10-01; Resolution Establishing Regular 2022 Meeting Dates, Time and Location, and Designating Locations for Posting of 24-Hour Notices: The Board discussed business to be conducted in 2022 and determined to hold regular meetings on May 10 and October 11, 2022 at 6:00 p.m. via Zoom.

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-01; Resolution Establishing Regular 2022 Meeting Dates, Time and Location, and Designating Locations for Posting of 24-hour Notices.

It was noted that the District continues to provide meeting information to the HOA for inclusion in the HOA newsletter and the Annual Meeting Notice is mailed to each household in the District, in compliance with the requirements of the District's Service Plan.

Section 32-1-809, C.R.S. (Transparency Notice) Reporting Requirements, Mode of Eligible Elector Notification: Attorney McGeady updated the Board regarding Section 32-1-809, C.R.S. (Transparency Notice) reporting requirements and mode of eligible elector notification for 2022.

RECORD OF PROCEEDINGS

Following discussion, the Board directed SDMS to post the required Transparency Notice information on the Special District Association’s Website and to see that it is included along with the HOA Newsletter transmittal to the District’s residents.

Public Comment: There were no public comments.

FINANCIAL STATEMENTS

Claims: The Board considered ratifying the payment of claims for the periods ending as follows:

	Period ending June 29, 2021	Period ending July 27, 2021	Period ending Aug. 30, 2021
General Fund	\$ 6,189.36	\$ 9,075.52	\$ 6,768.40
Debt Service Fund	\$ -0-	\$ -0-	\$ -0-
Capital Fund	\$ -0-	\$ -0-	\$ -0-
Total	\$ 6,189.36	\$ 9,075.52	\$ 6,768.40

	Period ending Sept. 23, 2021
General Fund	\$ 3,522.14
Debt Service Fund	\$ -0-
Capital Fund	\$ -0-
Total	\$ 3,522.14

Following discussion, upon motion duly made by Director Wild, seconded by Director Provence and, upon vote, unanimously carried, the Board ratified approval of the payment of the claims, as presented.

Unaudited Financial Statements: Mr. Ruthven reviewed the unaudited financial statements for the period ending June 30, 2021, and the cash position statement dated June 30, 2021 with the Board.

Following discussion, upon motion duly made by Director Provence, and seconded by Director Wild and, upon vote, unanimously carried, the unaudited financial statements for the period ending June 30, 2021, and the cash position statement dated June 30, 2021, were accepted.

2021 Audit: The Board discussed the engagement of Schilling & Company, Inc. to prepare the 2021 Audit for an amount not to exceed \$5,600.00.

Following discussion, upon motion duly made by Director Wild seconded by Director Provence and, upon vote, unanimously carried, the Board approved the engagement of Schilling & Company, Inc. to prepare the 2021 Audit for an amount not to exceed \$5,600.00.

RECORD OF PROCEEDINGS

2021 Budget Amendment Hearing: The Board opened the Public Hearing to consider the Resolution to Amend the 2021 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2021 Budget and the date, time and place of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received and the public hearing was closed.

Following discussion, the Board determined that the 2021 Budget Amendment was not necessary.

2022 Budget Hearing: The Board opened the Public Hearing to consider the proposed 2022 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2022 Budget and the date, time and location of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received.

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the Board determined to continue the Public Hearing to Wednesday October 27, 2021 at 6:00 p.m.

DLG-70 Mill Levy Certification Form: The Board determined to defer this item until the continued Public Hearing scheduled for Wednesday October 27, 2021 at 6:00 p.m.

2023 Budget: The Board entered into discussion regarding appointing the District Accountant to prepare the 2023 Budget.

Following discussion, upon motion duly made by Director Wild, seconded by Director Provence and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2023 Budget and directed that the 2023 Budget be the same as the 2022 adopted Budget unless a Board Member provides input to otherwise adjust those assumptions.

LEGAL MATTERS

Resolution Calling May 3, 2022 Regular Election: The Board discussed Resolution No. 2021-10-02; Resolution Calling May 3, 2022 Regular Election for Directors, appointing the Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-02; Resolution Calling May 3, 2022 Regular Election for Directors, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

OTHER BUSINESS

Annual Meeting for Property Owners: The annual meeting for property owners was conducted. Mr. Cohrs confirmed that notices were mailed to all property owners in compliance with the annual meeting notice requirements pursuant to the District's Service Plan. It was noted that the only property owners in attendance were Board members and the Annual Meeting was closed.

Appointment of General Counsel: Attorney McGeady thanked the Board for the opportunity to serve the District and noted due to increasing work load that McGeady Becher P.C. will be terminating its engagement as District General Counsel effective the earlier of the next regular Board meeting, or as soon as the District has engaged new counsel. The Board determined to discuss the process for engagement of new counsel at the upcoming October 27, 2021 Special Meeting.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

MINUTES OF A RECONVENED SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE HORSE CREEK METROPOLITAN DISTRICT HELD OCTOBER 27, 2021

A reconvened special meeting of the Board of Directors (the “Board”) of the Horse Creek Metropolitan District (the “District”) was convened on Tuesday, the 27th day of October, 2021, at 6:00 P.M. via Zoom. This District Board meeting was held and properly noticed to be held via Zoom. The meeting was open to the public via Zoom.

ATTENDANCE

Directors In Attendance Were:

Allison Provence
Richard Wild

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the absence of Director Young-Sun Yun was excused.

Also In Attendance Were:

Matt Cohrs and Jim Ruthven; Special District Management Services, Inc. (“SDMS”)

MaryAnn M. McGeady, Esq. and Tim O’Connor, Esq.; McGeady Becher P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or breaches of fiduciary duty to the Board of Directors and the Secretary of State. Mr. Cohrs noted that a quorum was present and requested that members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No conflicts were disclosed.

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District’s reconvened special meeting.

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the Agenda was approved, as presented.

RECORD OF PROCEEDINGS

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. It was noted that due to concerns regarding the spread of the COVID-19 and the benefits to the control of the spread of the virus by limiting in-person contact, the District meeting was held and properly noticed to be held via Zoom, without any individuals (neither District representatives nor the general public) attending in person. The Board further noted that notice providing the Zoom information was duly posted and that they have not received any objections or any requests that the means of hosting the meeting be changed by taxpaying electors within the District's boundaries.

Public Comment: There were no public comment.

FINANCIAL STATEMENTS

2022 Budget Hearing: The Board opened the Public Hearing to consider the proposed 2022 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2022 Budget and the date, time and location of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received and the Public Hearing was closed.

Following discussion, the Board considered the adoption of Resolution No. 2021-10-03; Resolution to Adopt the 2022 Budget and Appropriate Sums of Money, and Resolution No. 2021-10-04; Resolution to Set Mill Levies (General Fund: 6.191 mills, Debt Service Fund: 18.593 mills; Total Mill Levy: 24.784 mills). Upon motion duly made by Director Wild, seconded by Director Provence and, upon vote, unanimously carried, the Board adopted the Resolution Resolution to Adopt the 2022 Budget and Appropriate Sums of Money, and the Resolution to Set Mill Levies. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

RECORD OF PROCEEDINGS

OTHER BUSINESS

Engagement of District General Counsel: The Board discussed the engagement of District General Counsel and authorized the District Manager to obtain proposals related to same.

Appointment of Committee to Review Proposals: The Board discussed the appointment of a committee to review proposals and provide recommendation to the Board at the next meeting. Following discussion, the Board appointed Matt Cohrs to the committee. Mr. Cohrs confirmed he would obtain proposals for engagement of new General Counsel.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Provence, seconded by Director Wild and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1732						
11/17/2021	Special Dist Management Servic	10/2021	Miscellaneous	1-685	101.64	101.64
11/17/2021	Special Dist Management Servic	10/2021	Accounting	1-612	1,372.00	1,372.00
11/17/2021	Special Dist Management Servic	10/2021	District Management	1-614	2,161.00	2,161.00
Total 1732:						3,634.64
1733						
11/17/2021	UMB Bank, NA	HC13 10/2021	Paying Agent-Remarket F	2-668	300.00	300.00
Total 1733:						300.00
Grand Totals:						3,934.64

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
11/17/2021	9101	Provence, Allison	92.35
11/17/2021	9102	Wild, Richard	92.35
Grand Totals:			
	<u>2</u>		<u>184.70</u>

**Horse Creek Metropolitan District
November-21**

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 3,634.64	\$ 300.00		\$ 3,934.64
Payroll	\$ 184.70			\$ 184.70
				\$ -
Total Disbursements from Checking Acct	\$ 3,819.34	\$ 300.00	\$ -	\$ 4,119.34

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1734						
12/15/2021	CO Special Districts P&L Pool	60432 9-2021	Prepaid Expense	1-142	2,045.00	2,045.00
Total 1734:						2,045.00
1735						
12/15/2021	Special Dist Management Servic	11-2021	Miscellaneous	1-685	29.18	29.18
12/15/2021	Special Dist Management Servic	11-2021	Accounting	1-612	1,204.00	1,204.00
12/15/2021	Special Dist Management Servic	11-2021	District Management	1-614	154.00	154.00
Total 1735:						1,387.18
1736						
12/15/2021	T Charles Wilson Insurance	10361	Prepaid Expense	1-142	495.00	495.00
Total 1736:						495.00
Grand Totals:						3,927.18

Horse Creek Metropolitan District
December-21

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 3,927.18			\$ 3,927.18
Payroll				\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 3,927.18	\$ -	\$ -	\$ 3,927.18

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1737						
01/18/2022	Special Dist Management Servic	12/2021	Miscellaneous	1-685	5.00	5.00
01/18/2022	Special Dist Management Servic	12/2021	Accounting	1-612	1,050.00	1,050.00
01/18/2022	Special Dist Management Servic	12/2021	District Management	1-614	546.00	546.00
Total 1737:						1,601.00
Grand Totals:						1,601.00

Horse Creek Metropolitan District
January-22

	General	Debt	Capital	Totals
Disbursements	\$ 1,601.00			\$ 1,601.00
Payroll				\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 1,601.00	\$ -	\$ -	\$ 1,601.00

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1738						
02/08/2022	Special Dist Management Servic	1-2022	Miscellaneous	1-685	89.46	89.46
02/08/2022	Special Dist Management Servic	1-2022	Accounting	1-612	858.40	858.40
02/08/2022	Special Dist Management Servic	1-2022	District Management	1-614	473.60	473.60
Total 1738:						<u>1,421.46</u>
Grand Totals:						<u><u>1,421.46</u></u>

Horse Creek Metropolitan District
February-22

	General	Debt	Capital	Totals
Disbursements	\$ 1,421.46			\$ 1,421.46
Payroll				\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 1,421.46	\$ -	\$ -	\$ 1,421.46

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1739						
03/09/2022	Colorado Community Media	48858	Miscellaneous	1-685	30.08	30.08
Total 1739:						30.08
1740						
03/09/2022	McGeady Becher P.C.	708M 1-2022	Legal	1-675	248.50	248.50
Total 1740:						248.50
1741						
03/09/2022	Special Dist Management Servic	02-2022	Miscellaneous	1-685	191.16	191.16
03/09/2022	Special Dist Management Servic	02-2022	District Management	1-614	444.00	444.00
03/09/2022	Special Dist Management Servic	02-2022	Insurance/SDA Dues	1-670	44.40	44.40
03/09/2022	Special Dist Management Servic	02-2022	Accounting	1-612	651.20	651.20
03/09/2022	Special Dist Management Servic	02-2022	Election	1-680	532.80	532.80
Total 1741:						1,863.56
1742						
03/09/2022	Special District Association	2022 DUES	Insurance/SDA Dues	1-670	348.52	348.52
Total 1742:						348.52
Grand Totals:						2,490.66

Horse Creek Metropolitan District
March-22

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 2,490.66			\$ 2,490.66
Payroll				\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 2,490.66	\$ -	\$ -	\$ 2,490.66

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1743						
04/08/2022	Colorado Community Media	51882	Miscellaneous	1-685	23.92	23.92
Total 1743:						23.92
1744						
04/08/2022	McGeady Becher P.C.	708M 02-2022	Legal	1-675	125.00	125.00
Total 1744:						125.00
1745						
04/08/2022	Special Dist Management Servic	03-2022	Miscellaneous	1-685	39.69	39.69
04/08/2022	Special Dist Management Servic	03-2022	District Management	1-614	266.40	266.40
04/08/2022	Special Dist Management Servic	03-2022	Election	1-680	222.00	222.00
04/08/2022	Special Dist Management Servic	03-2022	Accounting	1-612	680.80	680.80
04/08/2022	Special Dist Management Servic	03-2022	Audit	1-615	177.60	177.60
Total 1745:						1,386.49
Grand Totals:						1,535.41

Horse Creek Metropolitan District
April-22

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 1,535.41			\$ 1,535.41
Payroll				\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 1,535.41	\$ -	\$ -	\$ 1,535.41

HORSE CREEK METROPOLITAN DISTRICT
Schedule of Cash Position
March 31, 2022

	Rate	Operating	Debt Service	Total
Checking:				
FirstBank - Checking		\$ 8,844.64	\$ (657.54)	\$ 8,187.10
Investments:				
FirstBank - Money Market	0.01%	63,552.07	157,729.27	221,281.34
FirstBank - Bond Fund	0.01%	-	1,804.16	1,804.16
FirstBank - Reserve Fund	0.01%	-	5,187.10	5,187.10
FirstBank - Mill Levy	0.01%	-	51,335.06	51,335.06
TOTAL FUNDS:		\$ 72,396.71	\$ 215,398.05	\$ 287,794.76

2022 Mill Levy Information

Certified General Fund Mill Levy	6.191
Certified Debt Service Fund Mill Levy	<u>18.593</u>
Total Certified Mill Levy	<u><u>24.784</u></u>

Board of Directors

Young-Sun Yun	*
Richard Wild	*
Allison Provence	*

Matt Cohrs

*authorized signer on checking account

HORSE CREEK METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

March 31, 2022

HORSE CREEK METROPOLITAN DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2022

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL MEMO ONLY</u>
Assets				
FirstBank - Checking	\$ 8,845	\$ (658)	\$ -	\$ 8,187
FirstBank - Money Market	63,552	157,729	-	221,281
FirstBank - Bond Fund	-	1,804	-	1,804
FirstBank - Reserve Fund	-	5,187	-	5,187
FirstBank - Mill Levy	-	51,335	-	51,335
Property Taxes Receivable	53,652	161,130	-	214,782
Total Current Assets	<u>126,049</u>	<u>376,528</u>	<u>-</u>	<u>502,577</u>
Other Debits				
Amount in Debt Service Fund	-	-	215,398	215,398
Amount to be Provided for Debt	-	-	3,492,998	3,492,998
Total Other Debits	<u>-</u>	<u>-</u>	<u>3,708,396</u>	<u>3,708,396</u>
Total Assets	<u>\$ 126,049</u>	<u>\$ 376,528</u>	<u>\$ 3,708,396</u>	<u>\$ 4,210,973</u>
Liabilities				
Payroll Taxes Payable	\$ 8	\$ -	\$ -	\$ 8
Bonds Payable	-	-	3,675,000	3,675,000
Bond Premium	-	-	33,396	33,396
Total Liabilities	<u>8</u>	<u>-</u>	<u>3,708,396</u>	<u>3,708,404</u>
Deferred Inflows of Resources				
Deferred Property Taxes	53,652	161,130	-	214,782
Total Deferred Inflows of Resources	<u>53,652</u>	<u>161,130</u>	<u>-</u>	<u>214,782</u>
Fund Balance	32,279	74,289	-	106,567
Current Year Earnings	40,111	141,109	-	181,220
Total Fund Balances	<u>72,389</u>	<u>215,398</u>	<u>-</u>	<u>287,787</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 126,049</u>	<u>\$ 376,528</u>	<u>\$ 3,708,396</u>	<u>\$ 4,210,973</u>

HORSE CREEK METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 3 Months Ending
March 31, 2022
General Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 46,348	\$ 46,348	\$ 100,000	\$ (53,652)	46.3%
Specific Ownership Taxes	1,359	1,359	8,500	(7,141)	16.0%
Interest Income	1	1	40	(39)	2.4%
Total Revenues	<u>47,708</u>	<u>47,708</u>	<u>108,540</u>	<u>(60,832)</u>	<u>44.0%</u>
Expenditures					
Accounting	1,510	1,510	13,650	12,140	11.1%
District Management	918	918	9,135	8,217	10.0%
Audit	-	-	5,242	5,242	0.0%
Director's Fees	-	-	1,200	1,200	0.0%
Insurance/SDA Dues	3,383	3,383	3,708	325	91.2%
Legal	249	249	11,550	11,302	2.2%
Election	533	533	2,000	1,467	0.27
Miscellaneous	311	311	3,675	3,364	8.5%
Payroll Taxes	-	-	92	92	0.0%
Treasurer's Fees	695	695	1,500	805	46.3%
Contingency	-	-	50,000	50,000	0.0%
Emergency Reserve	-	-	3,256	3,256	0.0%
Total Expenditures	<u>7,597</u>	<u>7,597</u>	<u>105,008</u>	<u>97,411</u>	<u>7.2%</u>
Excess (Deficiency) of Revenues Over Expenditures	40,111	40,111	3,532	36,579	
Beginning Fund Balance	32,279	32,279	34,270	(1,991)	
Ending Fund Balance	<u>\$ 72,389</u>	<u>\$ 72,389</u>	<u>\$ 37,802</u>	<u>\$ 34,587</u>	

HORSE CREEK METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 3 Months Ending
March 31, 2022
Debt Service Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 139,194	\$ 139,194	\$ 300,324	\$ (161,130)	46.3%
Specific Ownership Taxes	4,081	4,081	18,000	(13,919)	22.7%
Interest Income	3	3	100	(97)	2.5%
Total Revenues	<u>143,277</u>	<u>143,277</u>	<u>318,424</u>	<u>(175,147)</u>	<u>45.0%</u>
Expenditures					
Bond Principal	-	-	115,000	115,000	0.0%
Bond Interest	-	-	119,438	119,438	0.0%
Paying Agent-Remarket Fees	50	50	3,500	3,450	1.4%
Treasurer's Fees	2,088	2,088	4,505	2,417	46.3%
Bank Fees	30	30	240	210	12.5%
Contingency	-	-	3,500	3,500	0.0%
Total Expenditures	<u>2,168</u>	<u>2,168</u>	<u>246,183</u>	<u>244,015</u>	<u>0.9%</u>
Excess (Deficiency) of Revenues Over Expenditures	141,109	141,109	72,241	68,868	
Beginning Fund Balance	74,289	74,289	18,149	56,140	
Ending Fund Balance	<u>\$ 215,398</u>	<u>\$ 215,398</u>	<u>\$ 90,390</u>	<u>\$ 125,008</u>	

RESOLUTION TO AMEND 2021 BUDGET
HORSE CREEK METROPOLITAN DISTRICT

WHEREAS, the Board of Directors of the Horse Creek Metropolitan District amended the adopted Budget for the fiscal year 2021 as follows:

General Fund	\$ 350,000
Debt Service Fund	\$ 4,780,000
Capital Projects Fund	\$ -0-

WHEREAS, the necessity has arisen for additional expenditures in the _____ Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2021; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures in the _____ Fund from _____.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Horse Creek Metropolitan District shall and hereby does amend the amended Budget for the fiscal year 2021 and adopts a supplemental budget and appropriation for the _____ Fund for the fiscal year 2021, as follows:

_____ \$ _____

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 10th day of May, 2022.

HORSE CREEK METROPOLITAN DISTRICT

By: _____
Secretary



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

May , 2022

To the Board of Directors
Horse Creek Metropolitan District
Douglas County, Colorado

We have audited the financial statements of the governmental activities and each major fund of Horse Creek Metropolitan District (District) for the year ended December 31, 2021 and have issued our report thereon dated May , 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit. standards as well as certain information related to the planned scope and timing of our audit. We have communicated to such information in our engagement letter dated November 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the performance of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on supplementary information (as listed in the table of contents to the basic financial statements), which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information (as listed in the table of contents to the basic financial statements), which accompanies the financial statements but is not RSI. Such

information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.

DRAFT

**HORSE CREEK METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2021**

DRAFT 05/03/2022

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

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Independent Auditor's Report

Board of Directors
Horse Creek Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Horse Creek Metropolitan District (District) as of and for the year ended December 31, 2021 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 Horse Creek Metropolitan District, as of December 31, 2021, 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.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility 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.

Required Supplemental Information

Management has omitted the management's discussion and analysis that governmental 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, 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 opinion on the basic financial statements is not affected by this missing information.

Supplemental 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 supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 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 as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the other information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
May , 2022

BASIC FINANCIAL STATEMENTS

DRAFT 05/03/2022

**HORSE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2021**

ASSETS

Cash and investments - unrestricted	\$ 28,256
Cash and investments - restricted	72,354
Cash with County Treasurer	2,602
Prepaid expense	2,990
Accounts receivable	2,143
Property taxes receivable	400,324
Total assets	508,669

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	385,889
----------------------------	---------

LIABILITIES

Accounts payable	1,777
Accrued interest payable	9,953
Loan payable	
Due within one year	115,000
Due in more than one year	3,560,000
Total liabilities	3,686,730

DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	400,324
Total deferred inflows of resources	400,324

NET POSITION

Restricted for:	
Emergencies	3,300
Debt service	64,336
Unrestricted	(3,260,132)
Total net position	\$ (3,192,496)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HORSE CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 54,755	\$ -	\$ -	\$ -	\$ (54,755)
Interest and fiscal charges	316,287	-	-	-	(316,287)
	<u>\$ 371,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(371,042)</u>

General revenues:

Taxes:

Property taxes

382,088

Specific ownership taxes

36,849

Net investment income

362

Total general revenues

419,299

Change in net position

48,257

Net position - beginning

(3,240,753)

Net position - ending

\$ (3,192,496)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HORSE CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 28,256	\$ -	\$ 28,256
Cash and investments - restricted	-	72,354	72,354
Cash with County Treasurer	667	1,935	2,602
Prepaid expenditures	2,990	-	2,990
Accounts receivable	2,143	-	2,143
Property tax receivable	100,000	300,324	400,324
TOTAL ASSETS	\$ 134,056	\$ 374,613	\$ 508,669
LIABILITIES			
Accounts payable	\$ 1,777	\$ -	\$ 1,777
Total liabilities	1,777	-	1,777
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	100,000	300,324	400,324
Total deferred inflows of resources	100,000	300,324	400,324
FUND BALANCES			
Nonspendable for prepaid expenditures	2,990	-	2,990
Spendable:			
Restricted for:			
Emergencies	3,300	-	3,300
Debt service	-	74,289	74,289
Unassigned	25,989	-	25,989
Total fund balances	32,279	74,289	106,568
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 134,056	\$ 374,613	

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

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Loan payable	(3,675,000)
Accrued interest payable	(9,953)
Loss on refunding, net of amortization	385,889
	(3,299,064)
Net position of governmental activities	\$ (3,192,496)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HORSE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property tax	\$ 97,922	\$ 284,166	\$ 382,088
Specific ownership tax	9,444	27,405	36,849
Net investment income	256	106	362
Total revenues	<u>107,622</u>	<u>311,677</u>	<u>419,299</u>
EXPENDITURES			
Current			
Audit	4,992	-	4,992
Accounting	15,974	-	15,974
Legal	9,355	-	9,355
Management fees	12,675	-	12,675
Insurance	3,531	-	3,531
Election	14	-	14
Directors' fees	1,169	-	1,169
County Treasurer's fees	1,470	4,265	5,735
Office and miscellaneous	1,310	-	1,310
Debt service			
Bond principal	-	55,000	55,000
Bond interest and other costs	-	136,656	136,656
Paying agent and other fees	-	593	593
Loan issuance costs	-	150,150	150,150
Total expenditures	<u>50,490</u>	<u>346,664</u>	<u>397,154</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	<u>57,132</u>	<u>(34,987)</u>	<u>22,145</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	3,730,000	3,730,000
Payment to escrow agent	-	(4,426,201)	(4,426,201)
Transfer (to) from other fund	(302,920)	302,920	-
Total other financing sources (uses)	<u>(302,920)</u>	<u>(393,281)</u>	<u>(696,201)</u>
NET CHANGE IN FUND BALANCES	(245,788)	(428,268)	(674,056)
FUND BALANCES - BEGINNING OF YEAR	278,067	502,557	780,624
FUND BALANCES - END OF YEAR	<u>\$ 32,279</u>	<u>\$ 74,289</u>	<u>\$ 106,568</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HORSE CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ (674,056)</u>
<p>Long-term debt (e.g. bonds, loans) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Loan proceeds	(3,730,000)
Payment to refunding escrow	4,426,201
Current bond interest expense included in payment to refunding escrow	(25,707)
Payment of bond principal	<u>55,000</u>
	<u>725,494</u>
<p>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.</p>	
Change in accrued interest payable - bonds	5,471
Amortization of deferred loss on refunding	(8,869)
Amortization of prepaid bond insurance	(1,074)
Amortization of premium on bonds	1,291
	<u>(3,181)</u>
Change in net position - Governmental activities	<u>\$ 48,257</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**HORSE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2021**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property tax	\$ 97,921	\$ 97,921	\$ 97,922	\$ 1
Specific ownership taxes	6,000	6,000	9,444	3,444
Net investment income	40	40	256	216
Total Revenues	<u>103,961</u>	<u>103,961</u>	<u>107,622</u>	<u>3,661</u>
EXPENDITURES				
Audit	5,300	5,300	4,992	308
Accounting	9,600	9,600	15,974	(6,374)
Legal	9,300	9,300	9,355	(55)
Management fees	8,700	8,700	12,675	(3,975)
Insurance	4,000	4,000	3,531	469
Election	-	-	14	(14)
Directors' fees and taxes	1,077	1,077	1,169	(92)
County Treasurer's fees	1,469	1,469	1,470	(1)
Office and miscellaneous	3,500	3,500	1,310	2,190
Contingency and reserves	203,119	57,054	-	57,054
Total Expenditures	<u>246,065</u>	<u>100,000</u>	<u>50,490</u>	<u>49,510</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(142,104)	3,961	57,132	53,171
OTHER FINANCING SOURCES (USES)				
Transfer to Debt Service Fund	-	(260,000)	(302,920)	(42,920)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(260,000)</u>	<u>(302,920)</u>	<u>(42,920)</u>
NET CHANGE IN FUND BALANCE	(142,104)	(256,039)	(245,788)	10,251
FUND BALANCE - BEGINNING OF YEAR	273,167	278,067	278,067	-
FUND BALANCE - END OF YEAR	<u>\$ 131,063</u>	<u>\$ 22,028</u>	<u>\$ 32,279</u>	<u>\$ 10,251</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Horse Creek Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was established to provide for the design, acquisition, construction, installation and financing of water and sewer facilities, including storm drainage and erosion control, streets and associated improvements, safety protection and park and recreation. All facilities constructed by the District have been conveyed to other governmental entities for perpetual maintenance.

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

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 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. For the most part, the effect of 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 assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District 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 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

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

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 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.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

The District amended its annual budget for the General and Debt Service Funds for the year ended December 31, 2021.

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 funds' average equity balance in total cash.

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 30 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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Cash and investments - Unrestricted	\$ 28,256
Cash and investments - Restricted	<u>72,354</u>
	<u><u>\$ 100,610</u></u>

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	<u>\$ 100,610</u>
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Cash Deposits

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 equal to 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, 2021, the District's cash deposits had a bank balance of \$101,105 and carrying balance of \$100,610.

Investments

The District's formal investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

At December 31, 2021, the District had no investments.

Restricted Cash and Investments

At December 31, 2021, cash deposits in the amount of \$72,354 are restricted for debt service in accordance with the Series 2021 Loan.

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2021.

	<u>Balance at December 31, 2020</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2021</u>	<u>Due Within One Year</u>
G.O. Refunding Bonds, Series 2013	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -	\$ -
Premium on 2013 bonds	33,396	-	33,396	-	-
2021 Taxable Loan	-	3,730,000	55,000	3,675,000	115,000
	<u>\$ 4,033,396</u>	<u>\$ 3,730,000</u>	<u>\$ 4,088,396</u>	<u>\$ 3,675,000</u>	<u>\$ 115,000</u>

General Obligation Refunding Bonds, Series 2013

On October 2, 2013, the District issued \$4,580,000 of General Obligation Refunding Bonds, Series 2013 (2013 Bonds), to refund and pay the 2010 Multi-Modal Loan in full and to terminate the Interest Rate Exchange Agreement. The 2013 Bonds are term bonds that mature on each December 1st of 2015, 2019, 2021, 2023, 2025, 2028, 2033, 2038 and 2041 and bear interest at rates ranging from .75% to 5.00%. Interest is to be paid semiannually on June 1 and December 1 of each year, commencing December 1, 2013.

On July 20, 2021, the District issued \$3,730,000 of Taxable (Convertible to Tax-Exempt) Loan, Series 2021, to advance refund and defease \$4,000,000 of the 2013 Bonds. The defeased 2013 Bonds are not considered a liability of the District since sufficient funds were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due. The outstanding principal balance of the defeased bonds at December 31, 2021 is \$3,905,000.

The District reduced its aggregate debt service payments by almost \$1,634,000 over the next 20 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$319,467. The District incurred a cost on refunding in the amount of \$394,757, which has been deferred and is being amortized over the life of the old debt.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Taxable (Convertible to Tax-Exempt) Loan, Series 2021

On July 20, 2021, the District entered into a loan agreement with NBH Bank (the 2021 Loan), in the amount of \$3,730,000. The proceeds were used to advance refund the 2013 Bonds. The Loan matures on December 1, 2040, payable in varying amounts beginning December 1, 2021 with an interest rate of 3.25%, payable semi-annually on June 1 and December 1. The Loan may be converted to Tax-Exempt upon submission of Tax-Exempt Reissuance Opinion from Bond Counsel to the Lender at which time the interest rate would be 2.65%.

The Loan is secured by and payable solely from Pledged Revenue, which includes: (i) property taxes derived from the Required Mill Levy net of the cost of collection, (ii) Specific Ownership Taxes attributable to the Required Mill Levy, and (iii) any other legally available monies which the District determines to be treated as Pledged Revenue.

The 2021 Loan may be prepaid prior to the maturity date in whole or in part with no prepayment fee.

The District's long-term obligations will mature as follows:

<u>Year Ending,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 115,000	\$ 119,438	\$ 234,438
2023	110,000	110,479	220,479
2024	145,000	91,425	236,425
2025	145,000	87,583	232,583
2026	155,000	83,740	238,740
2027-2031	885,000	354,039	1,239,039
2032-2036	1,110,000	224,720	1,334,720
2037-2040	1,010,000	66,647	1,076,647
	<u>\$ 3,675,000</u>	<u>\$ 1,138,071</u>	<u>\$ 4,813,071</u>

NOTE 5 – DEBT AUTHORIZATION

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$17,000,000 at an interest rate not to exceed 12% per annum.

The following table reflects the authorized but unissued indebtedness as of December 31, 2021:

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

	Authorized May 4, 2004 Election	Authorization Used	Remaining at December 31, 2021
Street improvements	\$ 3,340,000	\$ 3,340,000	\$ -
Water supply	1,670,000	1,670,000	-
Sanitary supply	490,000	490,000	-
Operations and maintenance	500,000	-	500,000
Bond refunding	5,500,000	4,940,000	560,000
Intergovernmental agreements	5,500,000	-	5,500,000
	<u>\$ 17,000,000</u>	<u>\$ 10,440,000</u>	<u>\$ 6,560,000</u>

The General Obligation Refunding Bonds, Series 2013 and the 2021 Taxable Loan were issued at a lower interest rates than the rate borne by the prior bonds therefore, no additional voter authorization was required for the issuance of this debt. In addition, the District's Service Plan imposes a debt limitation of \$5,500,000 with respect to indebtedness of the District. As of December 31, 2021, the District has \$3,675,000 of general obligation debt outstanding therefore limiting the District to \$1,825,000 of additional debt payable that it is entitled under the Service Plan to issue.

In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, the amount and timing of any debt issuances is not determinable.

NOTE 6 - FUND EQUITY

At December 31, 2021, the District reported the following classifications of fund equity:

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$2,990 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$3,300 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9). The restricted fund balance in the Debt Service Fund in the amount of \$74,289 is to be used exclusively for debt service requirements (see Note 4).

NOTE 7 - NET POSITION

The District's net position consists of two components – restricted and unrestricted. Restricted net position includes amounts 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's restricted net position as of December 31, 2021 is as follows:

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Restricted net position:

Emergency reserves (see Note 9)	\$ 3,300
Debt service	<u>64,336</u>
	<u><u>\$ 67,636</u></u>

The District's has negative unrestricted net position at December 31, 2021. This deficit amount was a result of the District being responsible for repayment of debt issued for public improvements conveyed to other governmental entities.

NOTE 8 - 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) as of December 31, 2021. 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, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and fund 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, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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.

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.

On May 4, 2004, the District's electors authorized the District to increase taxes \$100,000 annually, without limitation to rate, to pay the District's administration, operations, maintenance, landscape maintenance and other expenses in fiscal year 2004 and subsequent years. Additionally, District's electors authorized the District to retain and

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

spend the full amount of all taxes, tap fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law to be imposed or collected by the District and any other revenues or income lawfully received by the District during 2002 and each year thereafter, without limitation by Article X, Section 20 of the Colorado Constitution.

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.

DRAFT 05/03/2022

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

DRAFT 05/03/2022

**HORSE CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2021**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 284,166	\$ 284,166	\$ 284,166	\$ -
Specific ownership taxes	17,000	17,000	27,405	10,405
Net investment income	75	75	106	31
Total Revenues	<u>301,241</u>	<u>301,241</u>	<u>311,677</u>	<u>10,436</u>
EXPENDITURES				
Current				
County Treasurer's fees	4,216	4,216	4,265	(49)
Debt service				
Bond principal	95,000	55,000	55,000	-
Bond interest	185,088	136,656	136,656	-
Paying agent and other fees	500	500	593	(93)
Loan issuance costs		155,431	150,150	5,281
Contingency	500	1,996	-	1,996
Total expenditures	<u>285,304</u>	<u>353,799</u>	<u>346,664</u>	<u>7,135</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES				
	<u>15,937</u>	<u>(52,558)</u>	<u>(34,987)</u>	<u>17,571</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	3,730,000	3,730,000	-
Payment to escrow agent	-	(4,426,201)	(4,426,201)	-
Transfer from General Fund		250,000	302,920	52,920
Total other financing sources (uses)	<u>-</u>	<u>(446,201)</u>	<u>(393,281)</u>	<u>52,920</u>
NET CHANGE IN FUND BALANCE	15,937	(498,759)	(428,268)	70,491
FUND BALANCE - BEGINNING OF YEAR	<u>472,319</u>	<u>502,557</u>	<u>502,557</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 488,256</u>	<u>\$ 3,798</u>	<u>\$ 74,289</u>	<u>\$ 70,491</u>

OTHER INFORMATION

DRAFT 05/03/2022

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2021**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt</u>	<u>Levied</u>	<u>Collected</u>	
2008	\$ 9,525,170	3.000	29.000	\$ 304,805	\$ 313,520	102.9%
2009	\$ 10,717,510	3.000	29.000	\$ 342,961	\$ 342,263	99.8%
2010	\$ 11,625,790	4.000	29.000	\$ 383,651	\$ 384,413	100.2%
2011	\$ 11,727,870	4.000	29.000	\$ 387,019	\$ 386,189	99.8%
2012	\$ 10,943,850	4.000	29.000	\$ 361,147	\$ 361,545	100.1%
2013	\$ 10,940,990	4.000	29.000	\$ 361,148	\$ 361,055	100.0%
2014	\$ 11,300,889	4.000	29.000	\$ 372,930	\$ 372,930	100.0%
2015	\$ 11,325,730	4.000	24.000	\$ 317,121	\$ 317,122	100.0%
2016	\$ 13,276,140	4.000	21.000	\$ 331,904	\$ 331,850	100.0%
2017	\$ 13,268,210	6.407	18.593	\$ 331,705	\$ 331,706	100.0%
2018	\$ 13,890,980	6.407	18.593	\$ 347,275	\$ 347,140	100.0%
2019	\$ 13,887,280	6.407	18.593	\$ 347,182	\$ 347,183	100.0%
2020	\$ 15,115,450	6.407	18.593	\$ 377,887	\$ 377,836	100.0%
2021	\$ 15,283,500	6.407	18.593	\$ 382,087	\$ 382,088	100.0%
Estimated for year ending December 31, 2022	\$ 16,152,550	6.191	18.593	\$ 400,324		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**HORSE CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2021**

\$3,730,000

Taxable (Convertible to Tax-Exempt) Loan

Dated July 20, 2021

Interest Rate of 3.25% (Taxable)

Principal Due December 1

Interest Due June 1 and December 1

Year Ending December 31,	Principal	Interest	Total
2022	\$ 115,000	\$ 119,438	\$ 234,438
2023	110,000	110,479	220,479
2024	145,000	91,425	236,425
2025	145,000	87,583	232,583
2026	155,000	83,740	238,740
2027	155,000	79,632	234,632
2028	165,000	75,525	240,525
2029	180,000	71,153	251,153
2030	190,000	66,382	256,382
2031	195,000	61,347	256,347
2032	205,000	56,180	261,180
2033	205,000	50,748	255,748
2034	230,000	45,315	275,315
2035	225,000	39,220	264,220
2036	245,000	33,257	278,257
2037	250,000	26,765	276,765
2038	260,000	20,140	280,140
2039	255,000	13,250	268,250
2040	245,000	6,492	251,492
	<u>\$ 3,675,000</u>	<u>\$ 1,138,071</u>	<u>\$ 4,813,071</u>

HORSE CREEK METROPOLITAN DISTRICT

_____, 2022

Schilling & Company, Inc.
PO Box 631579
Highlands Ranch, CO 80163

This representation letter is provided in connection with your audit of the financial statements of Horse Creek Metropolitan District (District), which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2021 and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of the Independent Auditor's Report the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 28, 2021 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if any, required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable, including the following:
 - a) The appropriateness and consistency of the measurement processes used by management in determining accounting estimates.

- b) That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - c) That the disclosures related to accounting estimates are complete and appropriate.
 - d) That no subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
 - 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
 - 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
 - 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District or those designated by the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government—specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

23) We have identified and disclosed to you all instances, of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

26) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

29) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended.

30) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 31) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, assigned, and unassigned) are properly classified and, if applicable, approved.
- 32) Investments, if any, are properly valued.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 38) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 40) The Management's Discussion and Analysis which is required supplementary information (RSI) has been omitted from the financial statements. We are aware that such information is required by accounting principles generally accepted in the United States.
- 41) With respect to the Supplemental Information as listed in the table of contents:
 - a) We acknowledge our responsibility for presenting the Supplemental Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplemental Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplemental Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Supplemental Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 42) The District understands that TABOR (Section 20 of Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time, the District is in compliance.

43) We have directed that all banking and savings and loan institutions be notified of our assigned number which identifies that our deposits are subject to the respective Public Deposit Protection Act.

HORSE CREEK METROPOLITAN DISTRICT

Member of the Board of Directors

District Manager



Shareholders
Paul R. Cockrel
Evan D. Ela
Linda M. Glesne
David A. Greher
Matthew P. Ruhland

Associates
Joseph W. Norris

Paralegals
Micki Mills
Sarah Luetjen

May 2, 2022

ATTORNEY-CLIENT PRIVILEGED

VIA E-MAIL

Board of Directors
Horse Creek Metropolitan District
c/o Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Attn: Matt Cohrs

Re: Engagement Letter

Dear Board Members:

We understand the Horse Creek Metropolitan District (the “**Client**”) desires to appoint Cockrel Ela Glesne Greher & Ruhland, P.C. (the “**Firm**”), as the Client’s general legal counsel. This Engagement Letter is intended to outline the terms governing our representation of the Client.

1. Scope of Services.

The Firm will advise the Client on all metropolitan district-related matters referred to the Firm by the Client. We will take our direction from the Board of Directors (the “**Board**”) and the President and/or Secretary of the Board, or such other person as is designated by the Board to be its representative and spokesperson for purposes of communication with the Firm. Except as discussed below, we do not represent (i) any person or entity (except the Client itself); (ii) individual members of the Board; (iii) employees or agents of the Client; or (iv) any landowner, developer or other person within the Client (collectively, the “**Other Persons**”), and all services are provided only for the benefit of the Client and not for the Other Persons. The Firm owes professional responsibilities only to the Client itself. In all matters involving the Client, such Other Persons should retain their own legal counsel. Further, although we take our direction from the Board, we ultimately represent the interests of the Client and not the Board or any Other Persons.

2. Potential Conflicts of Interest.

The Firm may represent other parties whose boundaries may overlap or be adjacent to those of the Client, or which may operate in the same region as the Client. As a general matter, we do not believe that such representations will materially limit or adversely affect our ability to



represent the Client even though such representations may be characterized as adverse under the Colorado Rules of Professional Conduct. During our representation, we will not represent any other party in any matter in which the Client is adverse.

3. Designation of Attorney and Assistants.

I, Matthew Ruhland, a Shareholder in the firm, am designated as the attorney primarily responsible for the legal services rendered to the Client. Other qualified attorneys and paralegals may also perform services for the Client under my supervision in order to most effectively provide a particular service or to minimize costs.

4. Compensation.

The Firm shall provide to the Client a monthly billing statement detailing the services rendered and the amount of time spent in performance thereof. The Client shall pay for the total time of all attorneys, paralegals and clerks at the current rates in effect for the services rendered.

Clerical services are not routinely billed to the Client, but out-of-the-ordinary use of a clerical person's time may be billed in the Firm's reasonable discretion. Paralegals and law clerks are utilized when their skills are commensurate with a particular project, so as to minimize the costs billed to the Client. The Firm supervises the work product of associates, paralegals and law clerks.

The Client shall pay for services within thirty days of the date of the billing statement. The Firm will not be obligated to perform any services if payment of fees is sixty days overdue. Further, in such instance, the Client will not object to the Firm's withdrawal as counsel of record in any matter before any court, and the Client will execute such documents as necessary to facilitate the Firm's withdrawal.

The Firm's 2022 billing rates are listed in the attachment hereto. Such rates are subject to adjustment, but not by more than ten percent collectively at any time without written notice.

5. Expenses.

Expenses for which the Firm will or will not receive reimbursement are as follows, along with the rates for such reimbursement:

(a) Mileage.

No charge, unless lengthy travel distance.

(b) Out-of-Town Travel.

Expenses at cost without mark-up. Travel time by attorneys and staff will be billed at current billing rates. Trips will be coordinated with other clients, to the extent possible, to minimize travel costs.



- (c) Long-Distance Telephone Service.
No charge, unless unusual circumstances exist – such as lengthy time, multiple parties and/or teleconferencing and video conferencing.
- (d) Computer Expenses.
No charge, except for computer research, Lexis/Nexis or other special costs; billed at actual cost without mark-up.
- (e) Photocopies.
No charge for in-house copying, unless large volume of copying. Outside copying and printing billed at actual cost without mark-up.
- (f) Postage.
No charge for usual first class mailings, such as mailings to the Client, courts, counsel of record and other consultants. Mass mailings, such as election notices, and overnight and special delivery mailings billed at actual cost without mark-up.
- (g) Facsimile.
No charge.
- (h) Couriers.
Courier service will be used on an as-needed basis with actual costs billed without mark-up.
- (i) Other Reimbursables.
Other reimbursables include our payment of filing fees, costs for service of process and related expenses, expert witness fees (only as pre-authorized by the Client), court reporter fees for transcript of testimony, court reporter appearance fees, county clerk and recorder's fees for recording of documents, title company's fees for reports of title, publication fees, election materials and other necessary expenses related to the scope of services. All such reimbursables will be billed to the Client at cost without mark-up.
- (j) Other Expenses.
Certain services and expenses not otherwise documented herein (e.g. private investigator, special counsel, etc.) may be incurred under certain circumstances. To the extent that such services are required, the Firm will first obtain authorization from the Client before incurring such costs. As such expenses are incurred, they will be billed to the Client at cost without mark-up.

It is understood that the Client is not responsible for any general secretarial support or general office expenses of the Firm.



6. Communications between Firm and Client.

Written and oral communication between the Firm and the Client on the Client's matters shall be made using all current forms of technology, including mail, express courier, courier, fax, email, land-based telephone, cellular telephone, video conferencing and other electronic means of communication as such technology becomes available. The security of such means of communication, particularly electronic means such as fax, e-mail, video conferencing and cellular telephone cannot be guaranteed, and therefore a risk exists that privileges such as the attorney-client privilege may be waived if a communication is inadvertently received by persons other than the Client. If the Client desires to avoid the risk of inadvertent disclosure by any particular means of such communication, the Client must contact the responsible attorney at the Firm and instruct such person as to any unacceptable means of communication for Client matters.

7. Disclaimer of Warranties.

There can be no warranties as to the success of any matter undertaken by the Firm in the representation of the Client. All expressions made by the Firm relative thereto are solely matters of the Firm's opinion.

8. Power of Attorney to Execute Documents.

The Client grants to the Firm the power, but not the obligation, to execute documents connected with the representation of the Client, which have been generally approved by the Client, including pleadings, applications, protests, filings, contracts, commercial papers, settlement agreements and releases, verifications, dismissals, orders, and all other documents associated with the services provided hereunder.

9. Document Retention/Destruction.

The Client is advised that the files created and compiled by the Firm for work on Client matters, including notes, correspondence, pleadings, research and any other documents prepared by the Firm, will not be retained indefinitely. Upon Client request, we will return Client files to the Client or its designee once a matter is concluded, so long as the Client has paid all fees and costs owed to the Firm and reasonably necessary to transfer such files. We may retain copies of all or any portion of the Client's file duplicated at our expense. If the Client does not request its files, we will keep the files and information therein for a minimum of thirty days after the conclusion or termination of representation, after which we may retain, destroy or otherwise dispose of them as we deem appropriate. **The Firm generally keeps Client records electronically. As a general matter, once documents are part of our electronic records, we will destroy all paper documents provided to us, unless the Client provides express written instructions otherwise.** Notwithstanding the foregoing, we will not destroy (i) original documents entrusted to us for continued representation as part of our services and (ii) any documents that the Client is obligated by law to retain.



10. Worker without Authorization Certification.

Pursuant to the requirements of H.B. 06-1343, the Firm certifies that the Firm will comply with the provisions of Section 8-17.5-101 et seq., C.R.S., and the Firm will not knowingly employ or contract with a worker without authorization to perform work for the Client. The Firm has verified that the Firm (i) has confirmed or attempted to confirm the employment eligibility of all employees who are newly hired for employment in the United States through participation in the E-Verify Program administered by the Department of Labor and Employment; and (ii) otherwise will comply with the requirements of Section 8-17.5-102(1), C.R.S., regarding such verification. The Firm agrees to comply with all reasonable requests made in the course of an investigation by the Colorado Department of Labor and Employment. If we do not comply with any requirement of Section 8-17.5-101 et seq., C.R.S., regarding worker without authorization verification, the Client may immediately terminate the Firm’s services, subject to payment for work performed prior to the termination date as described herein.

11. Entire Agreement.

The terms herein represent the entire agreement of the parties concerning the representation of the Client by the Firm. The agreement represented by this Engagement Letter may not be amended or modified except in writing and signed by both parties hereto.

12. Term.

The agreement represented by this Engagement Letter shall remain in effect until terminated by written notice of either party.

**Cockrel Ela Glesne Greher & Ruhland,
a Professional Corporation**

Horse Creek Metropolitan District

By: Matthew P. Ruhland, Shareholder

By: _____
Title: _____



BILLING RATES
EFFECTIVE 1/2022

Paralegal Assistant	\$135
Sarah Luetjen, Paralegal	\$205
Micki Mills, Paralegal	\$250
Ayshan E. Ibrahim, Associate	\$235
Joseph W. Norris, Associate	\$285
Matthew P. Ruhland, Partner	\$395
David A. Greher, Partner	\$425
Linda M. Glesne, Partner	\$400
Evan D. Ela, Partner	\$400
Paul R. Cockrel, Partner	\$475