

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 SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Young-Sun Yun	President	2023/May 2023
Karen Scott	Treasurer	2023/May 2023
Allison Provence	Assistant Secretary	2023/May 2023
VACANT		2022/May 2022
Richard Wild	Assistant Secretary	2022/May 2022
Judy Leyshon	Secretary	

DATE: May 14, 2020

TIME: 6:00 P.M.

PLACE: 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, THIS DISTRICT BOARD MEETING WILL BE HELD BY CONFERENCE CALL WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT **1/866-394-9509** AND WHEN PROMPTED, DIAL IN THE PASSCODE OF **8577710**.

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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

C. Review and approve Minutes of the October 23, 2019 special meeting (enclosure).

D. Acknowledge the Resignation of Clifton Brown from the Board of Directors, effective on February 4, 2020.

E. Discuss results of May 5, 2020 Regular Election (enclosure).

F. Consider appointment of Officers:

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

G. Review and consider approval of Eligible Governmental Entity Agreement (“EGE”) between the Statewide Internet Portal Authority of the State of Colorado (“SIPA”) and the Horse Creek Metropolitan District (the “District”) (enclosure).

H. Public Comment. Matters not specifically included on the agenda may be addressed. (As a courtesy to others, comments shall be limited to three minutes per person).

II. FINANCIAL MATTERS

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

	Period ending Nov. 13, 2019	Period ending Dec. 18, 2019	Period ending Jan. 16, 2020
General Fund	\$ 5,214.04	\$ 6,547.60	\$ 1,110.31
Debt Service Fund	\$ -0-	\$ -0-	\$ -0-
Capital Fund	\$ -0-	\$ -0-	\$ -0-
Total	\$ 5,214.04	\$ 6,547.60	\$ 1,110.31

	Period ending Feb. 11, 2020	Period ending Mar. 19, 2020	Period ending Apr. 14, 2020
General Fund	\$ 1,658.88	\$ 1,020.85	\$ 1,369.15
Debt Service Fund	\$ -0-	\$ -0-	\$ -0-
Capital Fund	\$ -0-	\$ -0-	\$ -0-
Total	\$ 1,658.88	\$ 1,020.85	\$ 1,369.15

- B. Review and approve payment of claims through the period ending May 6, 2020, as follows (to be distributed at the meeting):

General Fund:	\$	7,032.83
Debt Service Fund:		<u>-0-</u>
Total:	\$	<u><u>7,032.83</u></u>

- C. Review and accept Unaudited Financial Statements through the period ending March 31, 2020 and cash position statement dated March 31, 2020 (enclosure).
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- D. Review and consider approval of 2019 Audited Financial Statements (enclosure – draft Audit), Board of Directors Communications Letter (enclosure), and authorize execution of Representations Letter (enclosure).
-

- E. Consider appointment of District Accountant to prepare the 2021 Budget and direct that the form of 2021 Budget shall be the same as the 2020 Budget.
-

- F. _____

III. LEGAL MATTERS

- A. _____

IV. OTHER BUSINESS MATTERS

- A. Consider sending Board member(s) to the 2020 SDA Conference in Keystone on September 23, 24, and 25, 2020.
-

- B. _____

V. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 29, 2020 (BUDGET HEARING).**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE HORSE CREEK METROPOLITAN DISTRICT HELD OCTOBER 23, 2019

A special meeting of the Board of Directors (the “Board”) of the Horse Creek Metropolitan District (the “District”) was convened on Wednesday, the 23rd day of October, 2019, at 6:00 P.M., at the Parker Arts Culture and Events Center, 20000 Pikes Peak Avenue, Parker, Colorado 80138. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Young-Sun Yun
Allison Provence
Richard Wild

Following discussion, upon motion duly made by Director Yun, seconded by Director Provence and, upon vote, unanimously carried, the absence of Directors Karen Scott and Clifton Brown were excused.

Also In Attendance Were:

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

MaryAnn M. McGeady, 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, and incorporated those applicable disclosures made by the Board members prior to this meeting in accordance with statute. It was noted that Disclosure Statements had been filed for Directors Scott, Brown and Wild.

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 Yun, seconded by Director Provence and, upon vote, unanimously carried, the Agenda was approved, as presented.

Approval of Meeting Location: The Board entered into discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Yun, seconded by Director Provence and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within the District's boundaries to conduct this meeting, it was determined to conduct the meeting at the above-stated date, time and location. The Board further noted that notice of this time, date and location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

Secretary to the Board of Directors: The Board acknowledged the resignation of Ashley B. Frisbie as Secretary to the Board of Directors and appointed Judy Leyshon as Secretary to the Board.

Minutes: The Board reviewed the Minutes of the May 23, 2019 regular meeting.

Following discussion, upon motion duly made by Director Wild, seconded by Director Yun and, upon vote, unanimously carried, the Minutes of the May 23, 2019 regular meeting were approved, as presented.

2019 Legislation Regarding Posting of 24-Hour Meeting Notices and Establishment of a District Website: Attorney McGeady presented to the Board new legislation regarding posting of 24-hour meeting notices and establishment of a District website. The Board discussed at length and directed the District Manager to contact the Horse Creek Homeowners Association ("HOA") Manager to see if the meeting notices can be posted on the HOA website and also see if the District could set up a website for a lesser cost than the statewide Internet Portal Authority of the State of Colorado ("SIPA").

The Board determined to continue discussion of the electronic posting of meeting notices on a District website until the next Board meeting.

Following discussion, upon motion duly made by Director Yun, seconded by Director Provence and, upon vote, unanimously carried, the Board determined that the posting of 24-hour meeting notices will continue to be made physically.

RECORD OF PROCEEDINGS

Resolution No. 2019-10-01; Establishing Regular 2020 Meeting Dates, Time and Location, and Designating Locations for Posting of 24-Hour Notices: The Board discussed a Resolution No. 2019-10-01; Establishing Regular 2020 Meeting Dates, Time and Location, and Designating Locations for Posting of 24-hour notices.

Following discussion, upon motion duly made by Director Provence, seconded by Director Yun and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-01; Establishing Regular 2020 Meeting Dates, Time and Location, and Designating Locations for Posting of 24-hour notices. The Board determined to have regular meetings on May 14 and October 29, 2020 at 6:00 p.m. at the Parker Arts Culture and Events Center.

Eligible Governmental Entity Agreement (“EGE”) between SIPA and the Horse Creek Metropolitan District: The Board deferred discussion until the next Board Meeting.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2020: The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2020.

Following discussion, the Board determined to post the required transparency notice information on the Special District Association’s Website and include with the HOA Newsletter.

Public Comment: There were no public in attendance of the meeting.

FINANCIAL STATEMENTS

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

	Period ending June 13, 2019	Period ending July 19, 2019	Period ending Aug. 15, 2019
General Fund	\$ 10,186.53	\$ 7,712.55	\$ 1,545.78
Debt Service Fund	\$ -0-	\$ -0-	\$ -0-
Total	\$ 10,186.53	\$ 7,712.55	\$ 1,545.78

	Period ending Sept. 20, 2019	Period ending Oct. 15, 2019
General Fund	\$ 939.74	\$ 3,283.08
Debt Service Fund	\$ -0-	\$ -0-
Total	\$ 939.74	\$ 3,283.08

RECORD OF PROCEEDINGS

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

Unaudited Financial Statements: Mr. Ruthven reviewed with the Board the unaudited financial statements for the period ending September 30, 2019, and the cash position statement dated September 30, 2019.

Following discussion, upon motion duly made by Director Wild, and seconded by Director Provence and, upon vote, unanimously carried, the unaudited financial statements for the period ending September 30, 2019, and the cash position statement dated September 30, 2019, were accepted.

2019 Audit: The Board discussed the preparation of the 2019 Audit.

Following discussion, upon motion duly made by Director Provence seconded by Director Wild and, upon vote, unanimously carried, the Board approved the engagement of Schilling & Company, Inc. to prepare the 2019 Audit for an amount not to exceed \$4,400.00.

2019 Budget Amendment Hearing: The President opened the Public Hearing to consider the Resolution to Amend the 2019 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 2019 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 2019 Budget Amendment was not necessary.

2020 Budget Hearing: The President opened the Public Hearing to consider the proposed 2020 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2020 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.

Mr. Ruthven reviewed the estimated 2019 expenditures and the proposed 2020 expenditures.

RECORD OF PROCEEDINGS

Following discussion, the Board considered adoption of Resolution No. 2019-10-02; Resolution to Adopt the 2020 Budget and Appropriate Sums of Money, and Resolution No. 2019-10-03; Resolution to Set Mill Levies (for the General Fund at 6.407 mills, the Debt Service Fund at 18.593 mills, and for Other Fund(s) at 0.000 mills, for a total mill levy of 25.000 mills). Upon motion duly made by Director Yun, seconded by Director Provence and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from Douglas County on or before December 10, 2019. Ms. Leyshon was authorized to transmit the Certification of Mill Levies to Douglas County, not later than December 15, 2019. Ms. Leyshon was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2020. Copies of the 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 Douglas County and other interested parties.

Following discussion, upon motion duly made by Director Provence, seconded by Director Yun 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 Douglas County and other interested parties.

2021 Budget Preparation: The Board deferred discussion until the next Board Meeting.

LEGAL MATTERS

2018 Streetscape Tract Project (the “Project”): Director Yun reported to the Board that the Project is completed and that all payments to the HOA due from the District had been made. Director Yun noted that the process for completion of the project was difficult, but noted he felt the final product was cohesive with the landscaping in the rest of the streetscape in the District and was a positive addition to the District.

Resolution No. 2019-10-04; Resolution Calling a Regular Election for Directors on May 5, 2020, Appointing the Designated Election Official (“DEO”), and Authorizing the DEO to Perform all Tasks Required for the Conduct of a Mail Ballot Election (“Resolution No. 2019-10-04”): The Board discussed Resolution No. 2019-10-04.

RECORD OF PROCEEDINGS

Attorney McGeady provided an overview related to District elections, costs associated with an election, and under what circumstances an election can be cancelled. She also discussed the deadline for the self-nomination forms, February 28, 2020.

The Board discussed what seats will be up for election in May. It was noted that three (3) seats to serve until the second regular election, to occur May 2023, will be open. The Board also discussed the possibility of long-term members stepping aside if there are nominations to avoid an election.

The Board directed the District Manager to coordinate with the HOA Manager to post the District Board vacancies in the next HOA newsletter.

Following discussion, upon motion duly made by Director Provence, seconded by Director Yun and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-04.

OTHER BUSINESS

_____ **Annual Meeting for Property Owners:** The annual meeting for property owners was conducted. Ms. Leyshon confirmed that notices were mailed to all property owners in compliance with the annual meeting notice requirements pursuant to the District's Service Plan. The only property owners in attendance were Board members.

ADJOURNMENT

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

Respectfully submitted,

By: _____
Secretary for the Meeting

**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 5, 2020 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>
Young-Sun Yun	Second Regular Election, May 2023
Karen Scott	Second Regular Election, May 2023
Allison Provence	Second Regular Election, May 2023
Vacant	Next Regular Election, May 2022

/s/ Judy Leyshon
(Designated Election Official)

Contact Person for the District:	Judy Leyshon
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:	jleyshon@sdmsi.com



**ELIGIBLE GOVERNMENTAL ENTITY AGREEMENT BETWEEN
THE STATEWIDE INTERNET PORTAL AUTHORITY OF THE STATE OF
COLORADO AND HORSE CREEK METROPOLITAN DISTRICT**

This Eligible Governmental Entity Agreement ("Agreement") by and between the Colorado Statewide Internet Portal Authority ("SIPA"), and Horse Creek Metropolitan District ("EGE") (each a "Party" and collectively "Parties"), is made and entered into on this ____ day of _____, 2019.

RECITALS

WHEREAS, SIPA and EGE wish to enter into a cooperative agreement under which services can be provided at the discretion of both Parties; and

WHEREAS, pursuant to § 24-37.7-105 C.R.S., SIPA operates to provide electronic access for members of the public, state agencies, and local governments to electronic information, products, and services; and

WHEREAS, pursuant to §§ 24-37.7-102 and 24-37.7-104, C.R.S., SIPA operates as a political subdivision of the State of Colorado; and

WHEREAS, pursuant to § 24-37.7-104, SIPA is authorized to enter into agreements and contracts with state agencies and local governments, and all state agencies and local governments are authorized to enter into and do all things necessary to perform any such arrangements or contracts; and

WHEREAS, § 29-1-203, C.R.S., authorizes local governments to cooperate or contract with each other to provide any function or service lawfully authorized to each other; and

WHEREAS, SIPA provides for the dissemination, sharing, and use of information, products, and services via the internet; and

WHEREAS, neither Party is committing funds or required to perform services as part of this agreement; and

WHEREAS, SIPA has entered into certain contracts with its contractors to operate the Colorado.gov Portal and to provide an array of electronic information, products, and services via the internet (e.g., "Colorado Statewide Internet Portal Authority Portal Integrator Contract with Colorado Interactive, LLC", as may be amended (hereinafter "Master Contract") and "COPE

Master Contract With Implementation Contractor to Support SaaS Collaboration, Office Productivity, & Email Solution" (hereinafter "COPE Contract") and other contracts to expand its array of electronic information, products, and services available to EGE; and

WHEREAS, SIPA will provide applications and services to EGE pursuant to Task Orders, Statements of Work, Work Orders; or any agreed-upon documentation under this Agreement; and

WHEREAS, a Task Order, Statement of Work, Work Order, or other agreed-upon documentation will be prepared for each application or service and mutually signed by SIPA and EGE;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, SIPA and EGE agree as follows:

1. EGE shall make available to SIPA electronic information maintained and owned by EGE as is necessary to complete the agreed-upon work as set forth in a Work Order, Task Order, Statement of Work, or any agreed-upon documentation under this Agreement. As mutually agreed upon in subsequent Work Orders, Task Orders, Statements of Work, or any other agreed-upon documentation under this Agreement, EGE will provide reasonable levels of support in placing online with SIPA certain EGE-owned electronic information, as mutually agreed by EGE and SIPA, with due regard to the workload and priorities of EGE and SIPA.
2. SIPA may, with the authorization of EGE, through the Portal, make public electronic information made available to it available to the general public, including EGE's public electronic information. The Parties agree to use their best efforts to provide adequate and uninterrupted service under the terms of this Agreement. However, neither Party shall be liable for interruption of service when the same shall be due to circumstances beyond the reasonable control of either Party, its agents or employees, including but not limited to unanticipated equipment malfunction, periodic maintenance or update of the computer systems upon which such EGE electronic information reside, or interruption of service due to problems with the Colorado statewide area network or due to problems with any telecommunications provider.
3. SIPA and EGE may enter into Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation under this Agreement. Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation under this Agreement shall describe specific Services and/or Applications to be provided to EGE. EGE acknowledges that Services and/or Applications are usually offered by SIPA's contractors. Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation shall cover the purchase of goods and services from SIPA through the use of EGE funds. All Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation involving EGE funds may be approved by the EGE official with authority to execute such agreement. Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation shall contain specific time or performance milestones for SIPA's contractor(s), timelines for completion of relevant Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation, including design specifications and other criteria relevant to the completion of applicable Task Orders, Purchase Orders, Statements of Work, or any

agreed-upon documentation, criteria and procedures for acceptance by EGE and remedying incomplete or inaccurate work for each phase of relevant Task Orders, Purchase Orders, Statements of Work, or any agreed-upon documentation.

4. SIPA shall be responsible for the operation of, and all costs and expenses associated with, establishing and maintaining electronic access to EGE electronic information, databases or other software applications, including (but without limitation) the cost of purchasing, developing, and maintaining programs used to interface with EGE software applications that provide access to EGE-owned electronic information, products, and services. EGE acknowledges SIPA may at its discretion use Contractors to perform certain obligations. EGE's maximum financial obligation for establishing and maintaining electronic access to EGE databases or other software applications shall be limited to the amount(s) set forth and appropriated pursuant to each individual Work Order, Task Order, Statement of Work, or any agreed-upon documentation under this Agreement.
5. Each Party shall have the right to terminate this Agreement by giving the other Party 10 days' written notice. Unless otherwise specified in such notice, this Agreement will terminate at the end of such 10-day period, and the liabilities of the Parties hereunder for further performance of the terms of this Agreement shall thereupon cease, but the Parties shall not be released from any duty to perform up to the date of termination. Work authorized under an individual Work Order, Task Order, Statement of Work or any other agreed-upon documentation under this Agreement, will be subject to the terms and conditions of that document.
6. None of the terms or conditions of this Agreement gives or allows any claim, benefit, or right of action by any third person not a party hereto. Nothing in this Agreement shall be deemed as any waiver of immunity or liability limits granted to SIPA or EGE by the Colorado Governmental Immunity Act or any similar statutory provision.
7. This Agreement (and related Task Orders, Work Orders, Statements of Work, and agreed-upon documentation) constitutes the entire agreement of the parties hereto and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended, modified, or changed, in whole or part, only by written agreement approved by each party.
8. Neither SIPA nor its contractors have responsibility for the accuracy or completeness of the electronic information contained within EGE's databases. SIPA and its contractors shall be responsible only for the accurate and complete transmission of electronic information to and from such EGE databases, in accordance with the specifications of any EGE-owned software. For the purposes of the Colorado Open Records Act, EGE shall at all times be the custodian of records. Neither SIPA nor its contractors shall be deemed to be either the custodian of records or the custodian's agent.
9. This Agreement and any written amendments thereto may be executed in counterpart, each of which shall constitute an original and together, which shall constitute one and the same agreement. Delivery of an executed signature page of this Agreement by facsimile or email

transmission will constitute effective and binding execution and delivery of this Agreement.

10. Confidential information for the purpose of this Agreement is information relating to SIPA's or EGE's research, development, trade secrets, business affairs, internal operations, management procedures, and information not disclosable to the public under the Colorado Open Records Act or some other law or privilege. Confidential information does not include information lawfully obtained through third parties, which is in the public domain, or which is developed independently without reference to a Party's confidential information. Neither Party shall use or disclose, directly or indirectly, without prior written authorization, any confidential information of the other. SIPA shall use its reasonable best efforts to ensure that its contractors protect EGE confidential information from unauthorized disclosure. Notwithstanding anything to the contrary herein, each Party acknowledges that given the subject matter of this Agreement, such Party shall not disclose confidential information of the other (whether in written or electronic form) to any third party, except as required by law or as necessary to carry out the specific purpose of this Agreement; provided, however, that if such disclosure is necessary, any third party who receives such confidential information shall also be bound by the nondisclosure provisions of this Section 10. Upon termination of this Agreement, the Parties shall return or destroy (at the other Party's request) all confidential information of the other and if such information is destroyed, each Party shall demonstrate evidence of such destruction to the other.

11. Miscellaneous Provisions

A. Independent Authority. SIPA shall perform its duties hereunder as an independent authority and not as an employee of EGE. Neither SIPA nor any agent or employee of SIPA shall be deemed to be an agent or employee of EGE. SIPA and its agents shall pay when due all required employment taxes and income tax and local head tax on any monies paid by EGE pursuant to this Agreement. SIPA acknowledges that SIPA and its employees or agents are not entitled to EGE employment or unemployment benefits unless SIPA or a third party provides such benefits and that EGE does not pay for or otherwise provide such benefits. SIPA shall have no authorization, express or implied, to bind EGE to any agreements, liability, or understanding except as expressly authorized by EGE. SIPA and its agents shall provide and keep in force workers' compensation (and provide proof of such insurance when requested by EGE) and unemployment compensation insurance in the Agreement required by law, and shall be solely responsible for the acts of SIPA, its employees and agents.

B. Non-discrimination. SIPA agrees to comply with the letter and the spirit of all applicable state and federal laws respecting illegal discrimination and unfair employment practices.

C. Choice of Law. The laws of the State of Colorado (except Colorado laws related to choice of law or conflict of law) and rules and regulations issued pursuant thereto shall be applied in the interpretation, execution, and enforcement of this Agreement. At all times during the performance of this Agreement, SIPA shall strictly adhere to all applicable

federal and state laws, rules, and regulations that have been or may hereafter be established. Any legal action related to this Agreement shall be brought in either a state or federal court within the City and County of Denver, Colorado.

D. Software Piracy Prohibition. No State or other public funds payable under this Agreement shall knowingly be used for the acquisition, operation, or maintenance of computer software in violation of United States copyright laws or applicable licensing restrictions. SIPA hereby certifies that, for the term of this Agreement and any extensions, SIPA has in place appropriate systems and controls to prevent such improper use of public funds. If EGE determines that SIPA is in violation of this paragraph, EGE may exercise any remedy available at law or equity or under this Agreement, including, without limitation, immediate termination of the Agreement and any remedy consistent with United States copyright laws or applicable licensing restrictions.

F. Notices. All notices required or permitted under this Agreement shall be in writing and delivered personally, by facsimile, by email or by first class certified mail, return receipt. If delivered personally, notice shall be deemed given when actually received. If delivered by facsimile or email, notice shall be deemed given upon full transmission of such notice and confirmation of receipt during regular business hours. If delivered by mail, notice shall be deemed given at the date and time indicated on the return receipt. Notices shall be delivered to:

If to SIPA:

Statewide Internet Portal Authority

Attn: EGE Administrator

Street Address: 1300 Broadway, Suite 440

City, State, Zip: Denver, CO 80203

Phone: (720) 409-5634

Fax: (720) 409-5642

Email: sipa@cosipa.gov

If to EGE: Horse Creek Metropolitan District

c/o Special District Management Services, Inc.

Attn: Judy L. Leyshon, District Manager

Street Address: 141 Union Boulevard, Suite 150

City, State, Zip: Lakewood, CO 80228

Phone: 303-987-0835

Fax: 303-987-2032

Email: jleyshon@sdmsi.com

And/or

McGeady Becher P.C.

Attn: MaryAnn McGeady

Street Address: 450 E. 17th Avenue, Suite 400

City, State, Zip: Denver, CO 80203

Phone: 303-592-4380

Fax: 303-592-4385

Email: mmcgeady@specialdistrictlaw.com

And to other address or addresses as the parties may designate in writing.

G: Third Party Beneficiary: EGE shall enjoy those rights of a third party as may be set forth expressly in any contract between SIPA and its contractors under which SIPA provides electronic information, products, and services to EGE, including the Master Contract Section 20.M., as may be amended.

H. Disputes. Any failure of either Party to perform in accordance with the terms of this Agreement shall constitute a breach of the Agreement. Any dispute concerning the performance of this Agreement which cannot be resolved at the operational level shall be referred to superior management and staff designated by each Party. Failing resolution at this level, EGE may ask the SIPA Board of Directors to address the dispute. If the dispute is not resolved after reference to the SIPA Board of Directors, the Parties may use whatever procedures may be available, including but not limited to termination of the Agreement.

This Agreement is entered into as of the day and year set forth above.

Date: _____

Name:

Title:

Entity: Statewide Internet Portal Authority

Date: _____

Name: Young-Sun Yun

Title: President

Entity: Horse Creek Metropolitan District

Address: 141 Union Boulevard, Suite 150, Lakewood, CO 80228

Phone: 303-987-0835

Email: jleyshon@sdmsi.com -- youngsunsuny@gmail.com

Horse Creek Metropolitan District
November-19

	General	Debt	Capital	Totals
Disbursements	\$ 4,936.99	\$ -		\$ 4,936.99
Payroll	\$ 277.05			\$ 277.05
				\$ -
Total Disbursements from Checking Acct	\$ 5,214.04	\$ -	\$ -	\$ 5,214.04

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
11/13/2019	9080	Provence, Allison	92.35
11/13/2019	9081	Wild, Richard	92.35
11/13/2019	9082	Yun, Young-Sun	92.35
Grand Totals:			
	<u>3</u>		<u>277.05</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1668						
11/13/2019	CO Special Districts P&L Pool	POL-00000417	Prepaid Expense	1-142	400.00	400.00
Total 1668:						400.00
1669						
11/13/2019	Colorado Community Newspaper	00211871	Miscellaneous	1-685	19.60	19.60
Total 1669:						19.60
1670						
11/13/2019	Special Dist Management Servic	59628	District Management	1-614	3,739.50	3,739.50
11/13/2019	Special Dist Management Servic	59628	Accounting	1-612	560.00	560.00
11/13/2019	Special Dist Management Servic	59628	Miscellaneous	1-685	217.89	217.89
Total 1670:						4,517.39
Grand Totals:						4,936.99

Horse Creek Metropolitan District
December-19

	General	Debt	Capital	Totals
Disbursements	\$ 6,270.55	\$ 300.00		\$ 6,570.55
Payroll	\$ 277.05			\$ 277.05
				\$ -
Total Disbursements from Checking Acct	\$ 6,547.60	\$ 300.00	\$ -	\$ 6,847.60

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
12/18/2019	9083	Provence, Allison	92.35
12/18/2019	9084	Wild, Richard	92.35
12/18/2019	9085	Yun, Young-Sun	92.35
Grand Totals:			
	<u>3</u>		<u>277.05</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1669						
12/17/2019	Colorado Community Newspaper	00211871	Miscellaneous	1-685	19.60-	19.60-
Total 1669:						19.60-
1671						
12/18/2019	CO Special Districts P&L Pool	POL-0001833	Prepaid Expense	1-142	2,015.00	2,015.00
Total 1671:						2,015.00
1672						
12/18/2019	Colorado Community Media	00211871	Miscellaneous	1-685	19.60	19.60
Total 1672:						19.60
1673						
12/18/2019	McGeady Becher P.C.	708M 10-2019	Legal	1-675	3,129.00	3,129.00
Total 1673:						3,129.00
1674						
12/18/2019	Special Dist Management Servic	61083	District Management	1-614	84.00	84.00
12/18/2019	Special Dist Management Servic	61083	Accounting	1-612	308.00	308.00
12/18/2019	Special Dist Management Servic	61083	Miscellaneous	1-685	39.55	39.55
Total 1674:						431.55
1675						
12/18/2019	T Charles Wilson Insurance	7832	Prepaid Expense	1-142	495.00	495.00
Total 1675:						495.00
1676						
12/18/2019	Town of Parker	01-2020	Miscellaneous	1-685	200.00	200.00
Total 1676:						200.00
1677						
12/18/2019	UMB Bank, NA	689206	Paying Agent-Remarket F	2-668	300.00	300.00
Total 1677:						300.00
Grand Totals:						6,570.55

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1669						
12/17/2019	Colorado Community Newspaper	00211871	Miscellaneous	1-685	19.60-	19.60-
Total 1669:						19.60-
1671						
12/18/2019	CO Special Districts P&L Pool	POL-0001833	Prepaid Expense	1-142	2,015.00	2,015.00
Total 1671:						2,015.00
1672						
12/18/2019	Colorado Community Media	00211871	Miscellaneous	1-685	19.60	19.60
Total 1672:						19.60
1673						
12/18/2019	McGeady Becher P.C.	708M 10-2019	Legal	1-675	3,129.00	3,129.00
Total 1673:						3,129.00
1674						
12/18/2019	Special Dist Management Servic	61083	District Management	1-614	84.00	84.00
12/18/2019	Special Dist Management Servic	61083	Accounting	1-612	308.00	308.00
12/18/2019	Special Dist Management Servic	61083	Miscellaneous	1-685	39.55	39.55
Total 1674:						431.55
1675						
12/18/2019	T Charles Wilson Insurance	7832	Prepaid Expense	1-142	495.00	495.00
Total 1675:						495.00
1676						
12/18/2019	Town of Parker	01-2020	Miscellaneous	1-685	200.00	200.00
Total 1676:						200.00
1677						
12/18/2019	UMB Bank, NA	689206	Paying Agent-Remarket F	2-668	300.00	300.00
Total 1677:						300.00
Grand Totals:						6,570.55

Horse Creek Metropolitan District
January-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 1,110.31	\$ -		\$ 1,110.31
Payroll	\$ -			\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 1,110.31	\$ -	\$ -	\$ 1,110.31

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1678						
01/16/2020	Special Dist Management Servic	63516 12/19	Accounting	1-612	462.00	462.00
01/16/2020	Special Dist Management Servic	63516 12/19	Election	1-680	28.00	28.00
01/16/2020	Special Dist Management Servic	63516 12/19	District Management	1-614	560.00	560.00
01/16/2020	Special Dist Management Servic	63516 12/19	Miscellaneous	1-685	60.31	60.31
Total 1678:						1,110.31
Grand Totals:						1,110.31

East Creek Metropolitan District No.1
February-20

	<u>General</u>		<u>Debt</u>		<u>Capital</u>		<u>Totals</u>
Disbursements	\$ 1,658.88	\$	-	\$	-	\$	1,658.88
Total Disbursements from Checking Acct	\$ 1,658.88		\$0.00		\$0.00	\$	1,658.88

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1679						
02/11/2020	Colorado Community Media	00218873	Election	1-680	27.52	27.52
Total 1679:						27.52
1680						
02/11/2020	McGeady Becher P.C.	708M-6	Legal	1-675	100.00	100.00
Total 1680:						100.00
1681						
02/11/2020	Special Dist Management Servic	01/2020	Accounting	1-612	574.00	574.00
02/11/2020	Special Dist Management Servic	01/2020	Election	1-680	112.00	112.00
02/11/2020	Special Dist Management Servic	01/2020	District Management	1-614	294.00	294.00
02/11/2020	Special Dist Management Servic	01/2020	Miscellaneous	1-685	66.65	66.65
Total 1681:						1,046.65
1682						
02/11/2020	Special District Association	2020 RENEWAL	Insurance/SDA Dues	1-670	484.71	484.71
Total 1682:						484.71
Grand Totals:						1,658.88

Horse Creek Metropolitan District
March-20

	General	Debt	Capital	Totals
Disbursements	\$ 1,020.85	\$ -		\$ 1,020.85
Payroll	\$ -			\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 1,020.85	\$ -	\$ -	\$ 1,020.85

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1683						
03/19/2020	McGeady Becher P.C.	708M 01/20	Legal	1-675	200.00	200.00
03/19/2020	McGeady Becher P.C.	708M 02/20	Legal	1-675	40.00	40.00
Total 1683:						240.00
1684						
03/19/2020	Special Dist Management Servic	02/2020	Accounting	1-612	252.00	252.00
03/19/2020	Special Dist Management Servic	02/2020	Election	1-680	322.00	322.00
03/19/2020	Special Dist Management Servic	02/2020	District Management	1-614	168.00	168.00
03/19/2020	Special Dist Management Servic	02/2020	Miscellaneous	1-685	38.85	38.85
Total 1684:						780.85
Grand Totals:						1,020.85

Horse Creek Metropolitan District
April-20

	General	Debt	Capital	Totals
Disbursements	\$ 1,369.15	\$ -		\$ 1,369.15
Payroll	\$ -			\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 1,369.15	\$ -	\$ -	\$ 1,369.15

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1685						
04/14/2020	Special Dist Management Servic	03/2020	Accounting	1-612	560.00	560.00
04/14/2020	Special Dist Management Servic	03/2020	Audit	1-615	434.00	434.00
04/14/2020	Special Dist Management Servic	03/2020	Election	1-680	224.00	224.00
04/14/2020	Special Dist Management Servic	03/2020	District Management	1-614	126.00	126.00
04/14/2020	Special Dist Management Servic	03/2020	Miscellaneous	1-685	25.15	25.15
Total 1685:						<u>1,369.15</u>
Grand Totals:						<u><u>1,369.15</u></u>

Horse Creek Metropolitan District
May-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 7,032.83	\$ -		\$ 7,032.83
Payroll	\$ -			\$ -
				\$ -
Total Disbursements from Checking Acct	\$ 7,032.83	\$ -	\$ -	\$ 7,032.83

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1686						
05/06/2020	Colorado Community Media	00223175	Election	1-680	22.68	22.68
Total 1686:						22.68
1687						
05/06/2020	McGeady Becher P.C.	708M 03/20	Legal	1-675	321.00	321.00
Total 1687:						321.00
1688						
05/06/2020	Schilling & Company, Inc	12629	Audit	1-615	4,400.00	4,400.00
Total 1688:						4,400.00
1689						
05/06/2020	Special Dist Management Servic	04/2020	Accounting	1-612	798.00	798.00
05/06/2020	Special Dist Management Servic	04/2020	Audit	1-615	56.00	56.00
05/06/2020	Special Dist Management Servic	04/2020	Election	1-680	42.00	42.00
05/06/2020	Special Dist Management Servic	04/2020	Insurance/SDA Dues	1-670	14.00	14.00
05/06/2020	Special Dist Management Servic	04/2020	District Management	1-614	1,343.00	1,343.00
05/06/2020	Special Dist Management Servic	04/2020	Miscellaneous	1-685	36.15	36.15
Total 1689:						2,289.15
Grand Totals:						7,032.83

HORSE CREEK METROPOLITAN DISTRICT
Schedule of Cash Position
March 31, 2020

	<u>Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>
Checking:				
Cash in Bank-Compass Bank		\$ 5,920.53	\$ 42.46	\$ 5,962.99
Investments:				
Compass Bank-Money Market	0.05%	246,885.20	248,401.19	495,286.39
Trustee:				
Compass Bank-Bond Fund	0.05%	-	2,017.93	2,017.93
Compass Bank-Reserve Fund	0.05%	-	163,460.17	163,460.17
Compass Bank-Mill Levy	0.05%	-	200,353.26	200,353.26
TOTAL FUNDS:		<u>\$ 252,805.73</u>	<u>\$ 614,275.01</u>	<u>\$ 867,080.74</u>

2020 Mill Levy Information

Certified General Fund Mill Levy	6.407
Certified Debt Service Fund Mill Levy	<u>18.593</u>
Total Certified Mill Levy	<u>25.000</u>

Board of Directors

Young-Sun Yun	*
Karen Scott	*
Richard Wild	*
Allison Provence	*
Clifton Brown	*
Judy Leyshon	*

*Authorized signer on Checking Account

HORSE CREEK METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

March 31, 2020

HORSE CREEK METROPOLITAN DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 March 31, 2020

	GENERAL	DEBT SERVICE	LONG-TERM DEBT	TOTAL MEMO ONLY
Assets				
Cash in Bank-Compass Bank	\$ 5,920.53	\$ 42.46	\$ -	\$ 5,962.99
Compass Bank-Money Market	\$ 246,885.20	\$ 248,401.19	\$ -	\$ 495,286.39
Compass Bank-Bond Fund	\$ -	\$ 2,017.93	\$ -	\$ 2,017.93
Compass Bank-Reserve Fund	\$ -	\$ 163,460.17	\$ -	\$ 163,460.17
Compass Bank-Mill Levy	\$ -	\$ 200,353.26	\$ -	\$ 200,353.26
Property Taxes Receivable	\$ 51,006.02	\$ 148,018.13	\$ -	\$ 199,024.15
Total Current Assets	\$ 303,811.75	\$ 762,293.14	\$ -	\$ 1,066,104.89
Other Debits				
Amount in Debt Service Fund	\$ -	\$ -	\$ 614,275.01	\$ 614,275.01
Amount to be Provided for Debt	\$ -	\$ -	\$ 3,475,724.99	\$ 3,475,724.99
Total Other Debits	\$ -	\$ -	\$ 4,090,000.00	\$ 4,090,000.00
Total Assets	\$ 303,811.75	\$ 762,293.14	\$ 4,090,000.00	\$ 5,156,104.89
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Payroll Taxes Payable	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ -	\$ -	\$ 4,090,000.00	\$ 4,090,000.00
Total Liabilities	\$ -	\$ -	\$ 4,090,000.00	\$ 4,090,000.00
Deferred Inflows of Resources				
Deferred Property Taxes	\$ 51,006.02	\$ 148,018.13	\$ -	\$ 199,024.15
Total Deferred Inflows of Resources	\$ 51,006.02	\$ 148,018.13	\$ -	\$ 199,024.15
Fund Balance	\$ 211,796.91	\$ 479,216.76	\$ -	\$ 691,013.67
Current Year Earnings	\$ 41,008.82	\$ 135,058.25	\$ -	\$ 176,067.07
Total Fund Balances	\$ 252,805.73	\$ 614,275.01	\$ -	\$ 867,080.74
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 303,811.75	\$ 762,293.14	\$ 4,090,000.00	\$ 5,156,104.89

HORSE CREEK METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 3 Months Ending,
March 31, 2020
General Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Under/(Over) Budget</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 44,468.87	\$ 45,838.98	\$ 96,845.00	\$ 51,006.02	47.3%
Specific Ownership Taxes	\$ 572.75	\$ 1,378.34	\$ 5,811.00	\$ 4,432.66	23.7%
Interest Income	\$ 7.96	\$ 25.11	\$ 550.00	\$ 524.89	4.6%
Total Revenues	\$ 45,049.58	\$ 47,242.43	\$ 103,206.00	\$ 55,963.57	45.8%
Expenditures					
Accounting	\$ 252.00	\$ 826.00	\$ 9,600.00	\$ 8,774.00	8.6%
District Management	\$ 168.00	\$ 462.00	\$ 8,700.00	\$ 8,238.00	5.3%
Audit	\$ -	\$ -	\$ 5,300.00	\$ 5,300.00	0.0%
Director's Fees	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.0%
Insurance/SDA Dues	\$ -	\$ 3,394.71	\$ 4,000.00	\$ 605.29	84.9%
Legal	\$ 240.00	\$ 240.00	\$ 9,300.00	\$ 9,060.00	2.6%
Election	\$ 322.00	\$ 461.52	\$ 1,000.00	\$ 538.48	0.46
Miscellaneous	\$ 42.65	\$ 161.80	\$ 3,500.00	\$ 3,338.20	4.6%
Payroll Taxes	\$ -	\$ -	\$ 77.00	\$ 77.00	0.0%
Treasurer's Fees	\$ 667.03	\$ 687.58	\$ 1,455.00	\$ 767.42	47.3%
Contingency	\$ -	\$ -	\$ 200,000.00	\$ 200,000.00	0.0%
Emergency Reserve	\$ -	\$ -	\$ 3,096.00	\$ 3,096.00	0.0%
Total Expenditures	\$ 1,691.68	\$ 6,233.61	\$ 247,028.00	\$ 240,794.39	2.5%
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,357.90	\$ 41,008.82	\$ (143,822.00)	\$ (184,830.82)	
Beginning Fund Balance	\$ 209,447.83	\$ 211,796.91	\$ 212,555.00	\$ 758.09	
Ending Fund Balance	\$ 252,805.73	\$ 252,805.73	\$ 68,733.00	\$ (184,072.73)	

HORSE CREEK METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 3 Months Ending,
March 31, 2020
Debt Service Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Under/(Over) Budget</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	129,047.85	133,023.87	281,042.00	148,018.13	47.3%
Specific Ownership Taxes	1,662.10	3,999.89	16,863.00	12,863.11	23.7%
Interest Income	19.20	59.85	1,000.00	940.15	6.0%
Total Revenues	<u>130,729.15</u>	<u>137,083.61</u>	<u>298,905.00</u>	<u>161,821.39</u>	<u>45.9%</u>
Expenditures					
Bond Principal	0.00	0.00	90,000.00	90,000.00	0.0%
Bond Interest	0.00	0.00	187,563.00	187,563.00	0.0%
Paying Agent-Remarket Fees	0.00	0.00	300.00	300.00	0.0%
Treasurer's Fees	1,935.71	1,995.36	4,216.00	2,220.64	47.3%
Bank Fees	10.00	30.00	200.00	170.00	15.0%
Contingency	0.00	0.00	500.00	500.00	0.0%
Total Expenditures	<u>1,945.71</u>	<u>2,025.36</u>	<u>282,779.00</u>	<u>280,753.64</u>	<u>0.7%</u>
Excess (Deficiency) of Revenues Over Expenditures	128,783.44	135,058.25	16,126.00	-118,932.25	
Beginning Fund Balance	485,491.57	479,216.76	473,447.00	-5,769.76	
Ending Fund Balance	<u>614,275.01</u>	<u>614,275.01</u>	<u>489,573.00</u>	<u>-124,702.01</u>	

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

DRAFT 5/4/2020

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Horse Creek Metropolitan District
Douglas County, Colorado

Report for the Financial Statements

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, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2019, 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.

Other-Matters

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

The other information listed in the table of contents 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.

Highlands Ranch, Colorado
 , 2020

BASIC FINANCIAL STATEMENTS

DRAFT 5/4/2020

**HORSE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2019**

ASSETS

Cash and investments - unrestricted	\$ 209,457
Cash and investments - restricted	476,869
Cash with County Treasurer	3,157
Prepaid expense	2,910
Prepaid bond insurance	29,371
Property taxes receivable	377,887
Total assets	1,099,651

LIABILITIES

Accounts payable	1,379
Accrued interest payable	15,630
Bonds payable	
Due within one year	90,000
Due in more than one year	4,035,770
Total liabilities	4,142,779

DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	377,887
Total deferred inflows of resources	377,887

NET POSITION

Restricted for:	
Emergencies	3,000
Debt service	463,587
Unrestricted	(3,887,602)
Total net position	\$ (3,421,015)

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, 2019**

<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	\$ 48,427	\$ -	\$ -	\$ -	\$ (48,427)
Interest and fiscal charges	189,547	-	-	-	(189,547)
	<u>\$ 237,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(237,974)</u>

General revenues:	
Taxes:	
Property taxes	347,183
Specific ownership taxes	34,822
Net investment income	1,378
Total general revenues	<u>383,383</u>
Change in net position	145,409
Net position - beginning	<u>(3,566,424)</u>
Net position - ending	<u>\$ (3,421,015)</u>

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, 2019**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 209,457	\$ -	\$ 209,457
Cash and investments - restricted	-	476,869	476,869
Cash with County Treasurer	809	2,348	3,157
Prepaid expenditures	2,910	-	2,910
Property tax receivable	96,845	281,042	377,887
TOTAL ASSETS	\$ 310,021	\$ 760,259	\$ 1,070,280
LIABILITIES			
Accounts payable	\$ 1,379	\$ -	\$ 1,379
Total liabilities	1,379	-	1,379
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	96,845	281,042	377,887
Total deferred inflows of resources	96,845	281,042	377,887
FUND BALANCES			
Nonspendable for prepaid expenditures	2,910	-	2,910
Spendable:			
Restricted for:			
Emergencies	3,000	-	3,000
Debt service	-	479,217	479,217
Assigned to subsequent year's expenditures	143,822	-	143,822
Unassigned	62,065	-	62,065
Total fund balances	211,797	479,217	691,014
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 310,021	\$ 760,259	

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

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Prepaid bond insurance	29,371
	29,371

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.

Bonds payable	(4,090,000)
Premium on bonds, net of accumulated amortization	(35,770)
Accrued interest payable	(15,630)
	(4,141,400)
Net position of governmental activities	\$ (3,421,015)

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, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property tax	\$ 88,976	\$ 258,207	\$ 347,183
Specific ownership tax	8,924	25,898	34,822
Net investment income	509	869	1,378
Total revenues	<u>98,409</u>	<u>284,974</u>	<u>383,383</u>
EXPENDITURES			
Current			
Audit	4,414	-	4,414
Accounting	9,968	-	9,968
Legal	8,724	-	8,724
Management fees	11,956	-	11,956
Insurance	3,595	-	3,595
Election	28	-	28
Directors' fees	1,100	-	1,100
County Treasurer's fees	1,335	3,875	5,210
Office and miscellaneous	1,664	-	1,664
Chambers Road Streetscape	1,768	-	1,768
Debt service			
Bond principal	-	80,000	80,000
Bond interest and other costs	-	189,763	189,763
Paying agent and other fees	-	420	420
Total expenditures	<u>44,552</u>	<u>274,058</u>	<u>318,610</u>
NET CHANGE IN FUND BALANCES	53,857	10,916	64,773
FUND BALANCES - BEGINNING OF YEAR	157,940	468,301	626,241
FUND BALANCES - END OF YEAR	<u>\$ 211,797</u>	<u>\$ 479,217</u>	<u>\$ 691,014</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, 2019**

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>\$ 64,773</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>	
Payment of bond principal	<u>80,000</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	184
Amortization of prepaid bond insurance	(1,950)
Amortization of premium on bonds	<u>2,402</u>
	<u>636</u>
Change in net position - Governmental activities	<u><u>\$ 145,409</u></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, 2019

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 88,976	\$ 88,976	\$ -
Specific ownership taxes	5,339	8,924	3,585
Net investment income	240	509	269
Total Revenues	<u>94,555</u>	<u>98,409</u>	<u>3,854</u>
EXPENDITURES			
Audit	5,300	4,414	886
Accounting	9,600	9,968	(368)
Legal	9,300	8,724	576
Management fees	8,700	11,956	(3,256)
Insurance	3,630	3,595	35
Election	-	28	(28)
Directors' fees	1,077	1,100	(23)
County Treasurer's fees	1,335	1,335	-
Office and miscellaneous	3,500	1,664	1,836
Chambers Road Streetscape	-	1,768	(1,768)
Contingency and reserves	206,272	-	206,272
Total Expenditures	<u>248,714</u>	<u>44,552</u>	<u>204,162</u>
NET CHANGE IN FUND BALANCE	(154,159)	53,857	208,016
FUND BALANCE - BEGINNING OF YEAR	154,160	157,940	3,780
FUND BALANCE - END OF YEAR	<u>\$ 1</u>	<u>\$ 211,797</u>	<u>\$ 211,796</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, 2019**

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, 2019**

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, 2019**

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 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

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Cash and investments - Unrestricted	\$ 209,457
Cash and investments - Restricted	476,869
	\$ 686,326

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 686,326
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**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the District's cash deposits had a bank balance of \$692,669 and carrying balance of \$686,326.

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

At December 31, 2019, the District had no investments.

Restricted Cash and Investments

At December 31, 2019, cash deposits in the amount of \$476,869 are held in trust and are restricted for debt service in accordance with the Series 2013 Bond documents. The funds are held in various money market accounts at Compass Bank.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019.

	<u>Balance at December 31, 2018</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
G.O. Refunding Bonds, Series 2013	\$ 4,170,000	\$ -	\$ 80,000	\$ 4,090,000	\$ 90,000
Premium on 2013 bonds	38,172	-	2,402	35,770	-
	<u>\$ 4,208,172</u>	<u>\$ -</u>	<u>\$ 82,402</u>	<u>\$ 4,125,770</u>	<u>\$ 90,000</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 (see Note 5). 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.

The 2013 Bonds maturing after December 1, 2025 are subject to redemption prior to maturity at the option of the District, in whole or in integral multiples of \$5,000, in any order of maturities and in whole or part maturities as the District shall determine and by lot within a maturity, on December 1, 2023 and on any date thereafter, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

The 2013 Bonds maturing are subject to mandatory sinking fund redemption, prior to maturity, in part, by lot in such manner as the Paying Agent shall determine, annually on December 1 of each year as set forth in the Bond Sale Certificate in varying amounts.

The 2013 Bonds are general obligations of the District, payable from the ad valorem property taxes levied by the District (without limitation as to rate or amount), other moneys transferred to or deposited into the Bond Fund, amounts on deposit in the Reserve Fund and, in the sole discretion of the District, amounts on deposit in the Mill Levy Stabilization Fund and any other moneys made available for the payment of the principal of, premium, if any, and interest on the 2013 Bonds, subject to the restriction set forth in Section 14(e) of the Bond Resolution. The 2013 Bonds are insured by Build America Mutual Assurance Company (BAM) which guarantees the scheduled payment of principal and interest on the 2013 Bonds when due as set forth in its Municipal Bond Insurance Policy. The credit rate of BAM at the time of the issuance of its Municipal Bond Insurance Policy was AA/Stable by Standard & Poor's Rating Services.

Pursuant to the 2013 Bond documents, the District is required to establish a Reserve Fund with a portion of the bond proceeds of \$162,500 to assist in making the scheduled debt service payments in the event that the funds held in the Bond Fund account are

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

insufficient. The Reserve Fund is required to be maintained at \$162,500 (Reserve Requirement). If a withdrawal from the Reserve Fund is made that reduces the balance in such fund below the Reserve Requirement, the District shall include in the computation of its next mill levy certification, the amount necessary to replenish the Reserve Fund to the Reserve Requirement. At December 31, 2019, the District held \$163,440 in the Reserve Fund in connection with the 2013 Bonds.

The District is required to establish a Mill Levy Stabilization Fund with legally available moneys of the District at the time of issuance of the 2013 Bonds in the amount of \$100,000. After the Mill Levy Stabilization Fund is initially funded, it is not required to be maintained in any specific amount and will be funded from moneys, if any, which are legally available in any year after full payment of the debt service requirements and replenishment of the Reserve Fund. The Mill Levy Stabilization Fund is established for the purpose of paying the principal and interest on the 2013 Bonds. At December 31, 2019, the District held \$200,328 in the Mill Levy Stabilization Fund in connection with the 2013 Bonds.

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

Year Ending,	Principal	Interest	Total
2020	\$ 90,000	\$ 187,563	\$ 277,563
2021	95,000	185,088	280,088
2022	100,000	182,475	282,475
2023	105,000	179,475	284,475
2024	115,000	176,325	291,325
2025-2029	655,000	817,631	1,472,631
2030-2034	910,000	647,000	1,557,000
2035-2039	1,245,000	388,000	1,633,000
2040-2041	775,000	62,500	837,500
	<u>\$ 4,090,000</u>	<u>\$ 2,826,057</u>	<u>\$ 6,916,057</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, 2019:

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

	Authorized May 4, 2004 Election	Authorization Used	Remaining at December 31, 2019
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 were issued at a lower interest rate than the rate borne by the 2010 Multi-Modal Loan therefore, no additional voter authorization was required for the issuance of the Bonds. 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, 2019, the District has \$4,090,000 of general obligation debt outstanding therefore limiting the District to \$1,410,000 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, 2019, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$2,910 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 \$3,000 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 \$479,217 is to be used exclusively for debt service requirements (see Note 4).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$143,822 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 is as follows:

Restricted net position:

Emergency reserves (see Note 9)	\$ 3,000
Debt service	<u>463,587</u>
	<u>\$ 466,587</u>

The District's unrestricted net position at December 31, 2019 totaled \$(3,887,602). 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, 2019. 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.

**HORSE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 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.

NOTE 10 – AGREEMENTS

On January 23, 2018, the District and Horse Creek Homeowners Association, Inc. ("HOA") entered into a Cost Sharing and Reimbursement Agreement ("Cost Sharing Agreement"), setting forth the terms and conditions under which the District and the HOA will share the costs of the installation of certain landscaping and the extension of the irrigation system in the Streetscape Tract (as defined in the Cost Sharing Agreement). Pursuant to the Cost Sharing Agreement, the HOA has agreed to pay the first \$10,000 in Project Costs (as defined in the Cost Sharing Agreement) and the District shall pay the remaining costs up to and not to exceed \$49,000 in additional costs upon receipt of documentation confirming the work has been completed in accordance with the plans and specifications agreed to by the HOA and the District. During 2019, the District incurred \$1,768 in project costs which brings the project total to \$48,170.

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

SUPPLEMENTAL INFORMATION

DRAFT 5/4/2020

**HORSE CREEK METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2019**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 258,206	\$ 258,207	\$ 1
Specific ownership taxes	15,492	25,898	10,406
Net investment income	585	869	284
Total Revenues	<u>274,283</u>	<u>284,974</u>	<u>10,691</u>
EXPENDITURES			
Current			
County Treasurer's fees	3,873	3,875	(2)
Debt service			
Bond principal	80,000	80,000	-
Bond interest	189,762	189,763	(1)
Paying agent and other fees	500	420	80
Contingency	500	-	500
Total expenditures	<u>274,635</u>	<u>274,058</u>	<u>577</u>
NET CHANGE IN FUND BALANCE	(352)	10,916	11,268
FUND BALANCE - BEGINNING OF YEAR	<u>458,527</u>	<u>468,301</u>	<u>9,774</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 458,175</u></u>	<u><u>\$ 479,217</u></u>	<u><u>\$ 21,042</u></u>

OTHER INFORMATION

DRAFT 5/4/2020

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Property Taxes		Percentage Collected to Levied
		General	Debt	Levied	Collected	
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%
Estimated for year ending December 31, 2020	\$ 15,115,450	6.407	18.593	\$ 377,887		

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, 2019**

\$4,580,000

General Obligation Refunding Bonds, Series 2013

Dated October 2, 2013

Interest Rates of .750%-5.000%

Principal Due December 1

Year Ending December 31,	Interest Due June 1 and December 1		
	Principal	Interest	Total
2020	\$ 90,000 *	\$ 187,563	\$ 277,563
2021	95,000	185,088	280,088
2022	100,000 *	182,475	282,475
2023	105,000	179,475	284,475
2024	115,000 *	176,325	291,325
2025	115,000	172,444	287,444
2026	125,000 *	168,562	293,562
2027	130,000 *	163,875	293,875
2028	140,000	159,000	299,000
2029	145,000 *	153,750	298,750
2030	160,000 *	146,500	306,500
2031	170,000 *	138,500	308,500
2032	185,000 *	130,000	315,000
2033	190,000	120,750	310,750
2034	205,000 *	111,250	316,250
2035	220,000 *	101,000	321,000
2036	235,000 *	90,000	325,000
2037	245,000 *	78,250	323,250
2038	265,000	66,000	331,000
2039	280,000 *	52,750	332,750
2040	300,000 *	38,750	338,750
2041	475,000	23,750	498,750
	<u>\$ 4,090,000</u>	<u>\$ 2,826,057</u>	<u>\$ 6,916,057</u>

* sinking fund maturities



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

_____, 2020

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, 2019 and have issued our report thereon dated _____, 2020. 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.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 18, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in May 2020 and we issued our report on _____, 2020.

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 2019.

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 _____, 2020.

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, 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, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and 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.

HORSE CREEK METROPOLITAN DISTRICT

May 1, 2020

McGeady Becher, PC
Ms. Maryann McGeady
450 East 17th Avenue, Suite 400
Denver, CO 80203

Our auditors, Schilling & Company, Inc., P.O. Box 631579, Highlands Ranch, Colorado 80163, are conducting an audit of our financial statements at December 31, 2019 and for the year then ended. This letter will serve as our consent for you to furnish to our auditors all the information requested herein. Accordingly, please provide to them the information requested below involving matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of Horse Creek Metropolitan District in the form of legal consultation or representation.

Pending or Threatened Litigation, Claims, and Assessments (excluding unasserted claims and assessments)

Please prepare a description of all material pending or threatened litigation, claims, and assessments (excluding unasserted claims and assessments). The description of each case should include:

1. the nature of the litigation;
2. the progress of the matter to date;
3. how management of Horse Creek Metropolitan District is responding or intends to respond to the litigation; e.g., to contest the case vigorously or to seek an out-of-court settlement; and
4. an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss.

Also, please identify any pending or threatened litigation, claims, and assessments with respect to which you have been engaged but as to which you have not devoted substantive attention.

Unasserted Claims and Assessments

We have represented to our auditors that there are no unasserted possible claims or assessments that you have advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles Governmental Accounting Standards Board Statement No. 62, Paragraph 100.

We understand that, whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, if you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of generally accepted accounting principles Governmental Accounting Standards Board Statement No. 62, Paragraph 100 (excerpts of which can be found in the ABA's *Auditor's Letter Handbook*). Please specifically confirm to our auditors that our understanding is correct.

Response

Your response should include matters that existed as of December 31, 2019, and during the period from that date to the effective date of your response. Please specify the date of your response if it is other than the date of reply.

Please specifically identify the nature of, and reasons for, any limitations on your response.

Other Matters

Please also indicate the amount we were indebted to you for services and expenses (billed and unbilled) on December 31, 2019.

Very truly yours,



HORSE CREEK METROPOLITAN DISTRICT