

**HORSE CREEK METROPOLITAN DISTRICT
COUNTY OF ADAMS, STATE OF COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2020

Pursuant to Section VI of the Service Plan, as amended, for the Horse Creek Metropolitan District (the “District”), the District is required to provide an annual report to the County of Adams (the “County”) with regard to the following matters:

- a. Boundary changes made or proposed;
- b. Intergovernmental Agreements entered into or proposed;
- c. Changes or proposed changes in the District’s policies;
- d. Changes or proposed changes in the District’s operations;
- e. Any changes in the financial status of the District including revenue projections or operating costs;
- f. A summary of any litigation involving the District;
- g. Proposed plans for the year immediately following the year summarized in the annual report;
- h. Status of construction of public improvements; and
- i. The current assessed valuation in the District

For the year ending December 31, 2020 the District makes the following report:

- a. Boundary changes of the District.

No property was excluded or included from the District during the reporting period.

- b. Intergovernmental Agreements entered into or proposed.

No intergovernmental agreements were entered into during fiscal year 2020 and no intergovernmental agreements are anticipated at this time.

- c. Changes or proposed changes in the District’s policies.

There were no changes or proposed changes made to the District’s Policies during the reporting period.

d. Changes or proposed changes in the District's operations.

The Board of Directors and their terms of office are as follows:

<i>Director</i>	<i>Term of Office</i>
Daryl Brown	2022
Diane Daniels	2023
Michael Williams (appointed)	2022
LeAnn James	2023
Charlene Williams (appointed)	2022

The District Board approved the formation of a Subdistrict in 2018 for the purpose of financing street and water infrastructure to serve Lots 1-20, Block 9, Cavanaugh Hills Subdivision. The Board is the ex officio Board of Directors for the Subdistrict and the Subdistrict's budget is incorporated into the District's budget.

e. Any changes in the financial status of the District including revenue projections or operating costs.

The financial status of the District, including revenue projections or operating costs, are reflected in the District's 2021 Budget, a copy of which is attached hereto as **Exhibit A**.

The District's 2021 Budget includes the Subdistrict Fund. The Subdistrict accepted street and water infrastructure by bill of sale on September 26, 2019 pursuant to the terms of that certain Infrastructure Acquisition and Reimbursement Agreement dated as November 29, 2018 between the Subdistrict and RLJ Development, LLC based on a professional engineer's Certification of Inventory and Cost.

On September 26, 2019, the Subdistrict issued a Promissory Note, as a multiple fiscal year obligation in the amount of \$570,000.00 to RLJ Development, LLC to reimburse RLJ Development for the cost of public infrastructure to the extent the District is able. The Subdistrict certifies a variable debt service mill levy each year for the difference between the District's debt service mill levy and a total of 50 mills.

f. A summary of any litigation involving the District.

There is no litigation, pending or threatened, against the District of which we are aware. The District has a claim against the Donald D. Finley Estate, in the amount of approximately \$112,784.00; however, the District is no longer actively attempting to collect the outstanding balance due to the status of other claims involving the Finely Estate.

- g. Proposed plans for the year immediately following the year summarized in the annual report.

The District intends to continue operations and the District and Subdistrict intend to continue paying down outstanding debt obligations.

- h. Status of construction of public improvements.

Complete.

- i. The current assessed valuation in the District.

The current assessed valuation of the District increased to \$5,915,120. The District certified mill levies of 9 mills for the General Fund and lowered its Debt Service mill levy to approximately 14.000 to be assessed against the properties within the District, for collection in 2021.

Respectfully submitted this 30th day of April, 2021.

FRITSCHÉ LAW LLC

By: *Joan M. Fritsche*

Joan M. Fritsche
Attorney for the District

EXHIBIT A
2021 BUDGET
ATTACHED



Management Budget Report

BOARD OF DIRECTORS
HORSE CREEK METROPOLITAN DISTRICT

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2021, including the comparative information of the forecasted estimate for the year ending December 31, 2020 and the actual historic information for the year 2019.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

A handwritten signature in black ink, appearing to be "B. J. [unclear]", is written over a horizontal line.

Pinnacle Consulting Group, Inc.
January 20, 2021

HORSE CREEK METROPOLITAN DISTRICT				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
December 31, 2019 Actual, 2020 Adopted and Projected Budget,				
2021 Adopted Budget				
		Modified Accrual Budgetary Basis		
GENERAL FUND	2019	2020	2020	2021
	Unaudited	Adopted	Projected	Adopted
Revenues	Actual	Budget	Actual	Budget
Property Taxes	\$ 64,141	\$ 52,259	\$ 52,259	\$ 53,236
Specific Ownership Taxes	5,197	3,919	3,799	3,993
Interest Income	5,564	5,000	2,188	2,000
Total Revenues	\$ 74,902	\$ 61,178	\$ 58,246	\$ 59,229
Expenditures				
Accounting	\$ 15,000	\$ 15,500	\$ 15,500	\$ 15,500
County Treasurer's Fee	964	784	784	799
Election Costs	-	1,000	919	-
Insurance	3,384	3,553	3,707	3,892
Legal	6,588	15,000	7,500	10,000
Office, Dues and Other	999	1,250	1,250	1,250
Contingency	-	5,000	-	5,000
Total Expenditures	\$ 26,934	\$ 42,087	\$ 29,660	\$ 36,441
Revenues over/(under) Expenditures	\$ 47,968	\$ 19,092	\$ 28,586	\$ 22,788
Beginning Fund Balance	194,698	233,064	242,666	271,253
Ending Fund Balance	\$ 242,666	\$ 252,156	\$ 271,253	\$ 294,041
DEBT SERVICE FUND	2019	2020	2020	2021
	Unaudited	Adopted	Projected	Adopted
Revenues	Actual	Budget	Actual	Budget
Property Taxes	\$ 80,955	\$ 81,292	\$ 81,292	\$ 82,812
Specific Ownership Taxes	6,560	6,097	5,910	6,211
Interest Income	177	500	100	500
Total Revenues	\$ 87,692	\$ 87,888	\$ 87,302	\$ 89,523
Expenditures				
County Treasurer's Fee	\$ 1,217	\$ 1,219	\$ 1,219	\$ 1,242
Debt Principal	45,000	45,000	45,000	50,000
Interest Expense	39,044	37,496	37,496	35,948
Contingency	-	5,000	-	1,000
Total Expenditures	\$ 85,261	\$ 88,715	\$ 83,715	\$ 88,190
Revenues over/(under) Expenditures	2,431	(827)	3,586	1,332
Beginning Fund Balance	68,652	70,585	71,082	74,669
Ending Fund Balance	\$ 71,082	\$ 69,758	\$ 74,669	\$ 76,001
Required Reserve	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000

HORSE CREEK METROPOLITAN DISTRICT				
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS				
December 31, 2019 Actual, 2020 Adopted and Projected Budget,				
2021 Adopted Budget				
		Modified Accrual Budgetary Basis		
SUBDISTRICT FUND	2019	2020	2020	2021
	Unaudited	Adopted	Projected	Adopted
Revenues	Actual	Budget	Actual	Budget
Property Taxes	\$ 163	\$ 240	\$ 240	\$ 2,740
Specific Ownership Taxes	12	18	18	205
Interest Income	-	100	-	100
Developer Reimbursement (Sub-District)	10,035	5,000	93	-
Total Revenues	\$ 10,210	\$ 5,358	\$ 351	\$ 3,045
Expenditures				
County Treasurer's Fee	\$ 2	\$ 4	\$ 4	\$ 41
Debt Interest	-	-	-	3,632
Legal - Sub-District (Reimbursed by Dev.)	5,942	5,000	93	-
Engineering	4,093	-	-	-
Contingency	-	-	-	-
Total Expenditures	\$ 10,037	\$ 5,004	\$ 97	\$ 3,673
Revenues over/(under) Expenditures	173	354	254	(628)
Other Source (Use) of Funds				
Capital Acceptance	\$ 570,000	\$ -	\$ -	\$ -
Capital Note Proceeds	(570,000)	-	-	-
Total Other Sources (Uses) of Funds	\$ -	\$ -	\$ -	\$ -
Rev over/(under) Exp after Other Source/Use	\$ 173	\$ 354	\$ 254	\$ (628)
Beginning Fund Balance	201	475	374	628
Ending Fund Balance	\$ 374	\$ 829	\$ 628	\$ (0)

HORSE CREEK METROPOLITAN DISTRICT 2021 BUDGET MESSAGE

Horse Creek Metropolitan District is a quasi-municipal corporation governed pursuant to provisions set forth in the Colorado Special District Act and was formed in 2003. It was organized to provide essential facilities and services for public use and benefit. The District consists of approximately 2,356 acres located entirely within Adams County.

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

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2021 budget, the following goals are foremost for the District:

- Maintain a positive operating fund balance.
- Comply with the District's debt obligations, contractual agreements and statutory requirements.

General Fund

Revenue

The District has budgeted total revenues of \$59,229 for fiscal year 2021. The District's assessed value is \$5,915,120, which is an increase of \$108,580, or 2%, from the prior year. The District certified 9.000 mills for operating property tax revenue in the amount of \$53,236. The balance of the revenue consists of specific ownership tax or \$3,993, and interest and other income of \$2,000.

Total budgeted revenues decreased \$3,000 compared to the 2020 budget mainly due to a decrease in interest and other income projections.

Expenses

The District has budgeted total expenditures of \$36,441 in 2021 for administrative and operating expenses, which is a decrease of \$5,646 from 2020. There is no election for 2021 which reduced the budget by \$1,000. Additionally, legal expense has been reduced from \$15,000 to \$10,000 for 2021.

Fund Balance/Reserves

The District expects to end 2021 with an ending fund balance of \$294,041, which satisfies TABOR reserve requirements.

Debt Service Fund

Revenue

The District has budgeted total revenues of \$89,523 for fiscal year 2021. The District certified 14.000 mills for debt obligations totaling \$82,812 in property taxes based on an assessed value of \$5,915,120. The remainder of the revenue budgeted in 2021 consists of specific ownership tax or \$6,211 and interest income of \$500.

Expenses

The District has budgeted expenditures of \$88,190, primarily for debt payments related to the Series 2017 Bonds. Debt principal and interest are budgeted for \$50,000 and \$35,498, respectively in 2021.

Fund Balance/Reserves

The District has budgeted to end 2021 with \$76,001 in ending fund balance, which exceeds the \$45,000 Reserve Requirement.

Subdistrict Fund

Revenue

The Sub-District has budgeted total revenues of \$3,045 for fiscal year 2021. The Sub-District certified 27.000 mills totaling \$2,740 in property taxes based on an assessed value of \$101,470, an increase of \$92,580 or 91% from the prior year. Developer Advances are not budgeted in 2021, reducing the budget by \$5,000. Specific ownership and interest income, \$205 and \$100, respectively, are the other facets of total revenue.

Expenses

The Sub-District has budgeted total expenses of \$3,673 for the year 2021. County Treasurer's Fees are \$41 with the remainder of the expenses being budgeted to debt interest expense.

Fund Balance/Reserves

The Sub-District has budgeted to end 2021 with \$0 in ending fund balance.