

HIDDEN CREEK METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

**HIDDEN CREEK METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 1,333,728
REVENUES			
Developer advance	-	69,496	89,096
Property taxes	-	27,062	60,214
Property taxes - Contribution Mill Levy	-	1,542	3,430
Specific ownership tax	-	1,353	3,011
Specific ownership tax - Contribution Mill Levy	-	77	172
Bond proceeds	-	8,000,000	-
Interest income	-	404	205
Total revenues	-	8,099,934	156,128
Total funds available	-	8,099,934	1,489,856
EXPENDITURES			
General Fund	-	75,000	100,000
Debt Service Fund	-	24,434	47,496
Capital Projects Fund	-	6,666,772	1,333,528
Total expenditures	-	6,766,206	1,481,024
Total expenditures and transfers out requiring appropriation	-	6,766,206	1,481,024
ENDING FUND BALANCES	\$ -	\$ 1,333,728	\$ 8,832
EMERGENCY RESERVE	\$ -	\$ 200	\$ 300
TOTAL RESERVE	\$ -	\$ 200	\$ 300

No assurance provided. See summary of significant assumptions.

**HIDDEN CREEK METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION - WELD COUNTY			
Residential	\$ -	\$ 302,220	\$ 980,910
Agricultural	5,540	-	-
State assessed	53,850	69,900	122,750
Oil and Gas	453,540	141,750	39,700
	<u>512,930</u>	<u>513,870</u>	<u>1,143,360</u>
Certified Assessed Value	<u>\$ 512,930</u>	<u>\$ 513,870</u>	<u>\$ 1,143,360</u>
MILL LEVY			
General	0.000	10.533	9.467
Debt Service	0.000	42.131	43.197
Contribution Mill Levy	0.000	3.000	3.000
Total mill levy	<u>0.000</u>	<u>55.664</u>	<u>55.664</u>
PROPERTY TAXES			
General	\$ -	\$ 5,412	\$ 10,824
Debt Service	-	21,650	49,390
Contribution Mill Levy	-	1,542	3,430
Levied property taxes	<u>-</u>	<u>28,604</u>	<u>63,644</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ 28,604</u>	<u>\$ 63,644</u>
General	\$ -	\$ 5,412	\$ 10,824
Debt Service	-	21,650	49,390
Contribution Mill Levy	-	1,542	3,430
BUDGETED PROPERTY TAXES	<u>\$ -</u>	<u>\$ 28,604</u>	<u>\$ 63,644</u>

No assurance provided. See summary of significant assumptions.

**HIDDEN CREEK METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 200
REVENUES			
Developer advance	-	69,496	89,096
Property taxes	-	5,412	10,824
Specific ownership tax	-	271	541
Interest income	-	21	25
Total revenues	<u>\$ -</u>	<u>\$ 75,200</u>	<u>\$ 100,486</u>
EXPENDITURES			
General and administrative			
Accounting	-	20,000	25,000
Audit	-	-	5,000
County Treasurer's fee	-	81	162
District management	-	15,000	25,000
Dues and licenses	-	302	500
Election	-	-	3,000
Insurance and bonds	-	2,141	2,999
Legal services	-	30,000	30,000
Miscellaneous	-	400	800
Contingency	-	7,076	7,539
Total expenditures	<u>-</u>	<u>75,000</u>	<u>100,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>75,000</u>	<u>100,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 686</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 300</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 300</u>

No assurance provided. See summary of significant assumptions.

**HIDDEN CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	21,650	49,390
Specific ownership tax	-	1,082	2,470
Property taxes - Contribution Mill Levy	-	1,542	3,430
Specific ownership tax - Contribution Mill Levy	-	77	172
Interest income	-	83	180
Total revenues	-	24,434	55,642
Total funds available	-	24,434	55,642
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	325	741
County Treasurer's fee - Contribution Mill Levy	-	23	51
Transfer to the Town of Frederick	-	1,596	3,551
Debt Service			
Bond interest	-	22,490	43,153
Total expenditures	-	24,434	47,496
Total expenditures and transfers out requiring appropriation	-	24,434	47,496
ENDING FUND BALANCE	\$ -	\$ -	\$ 8,146

No assurance provided. See summary of significant assumptions.

**HIDDEN CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 1,333,528
REVENUES			
Interest income	-	300	-
Bond proceeds	-	8,000,000	-
Total revenues	-	8,000,300	-
Total funds available	-	8,000,300	1,333,528
EXPENDITURES			
Paying agent fees	-	6,000	-
Bond issue costs	-	375,188	-
Capital improvements	-	6,285,584	1,333,528
Total expenditures	-	6,666,772	1,333,528
Total expenditures and transfers out requiring appropriation	-	6,666,772	1,333,528
ENDING FUND BALANCE	\$ -	\$ 1,333,528	\$ -

No assurance provided. See summary of significant assumptions.

**HIDDEN CREEK METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Frederick on December 8, 2015, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the Town of Frederick.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

On November 3, 2015, the District's voters authorized total indebtedness of \$110,000,000 for the above listed facilities. The District's voters also authorized total indebtedness of \$10,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities. The election also approved an annual increase in property taxes of \$500,000 without limitation of rate, to pay the District's operation and maintenance costs.

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, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The District's maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District.

**HIDDEN CREEK METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (Continued)

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable. As of December 31, 2022, the adjusted maximum mill levy for debt service is 43.197 mills.

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

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 5% of the property taxes collected.

Developer Advance

The District is in the development stage. A significant portion of operations and maintenance costs of the District in 2022 are expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bonds proceeds and other legally available revenue.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, membership dues, election and other administrative expenditures.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

Proceeds of the Bonds

The District issued Bonds on July 15, 2021, in the par amount of \$8,000,000. Proceeds from the sale of the Bonds were used to finance and reimburse a portion of the costs of public infrastructure improvements related to the Development and to pay the costs of issuing the Bonds.

**HIDDEN CREEK METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

Bonds Details

The Bonds bear interest at the rate of 4.625% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2045 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1 at the rate borne by the Bonds. In the event any amount of principal or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061 (the "Discharge Date"), such amounts shall be deemed discharged and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026, to August 31, 2027	3.00%
September 1, 2027, to August 31, 2028	2.00
September 1, 2028, to August 31, 2029	1.00
September 1, 2029, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources, net of the collection costs of the County and any tax refunds or abatement authorized by or on behalf of the County:

- (a) all Property Tax Revenues;
- (b) all Specific Ownership Tax Revenues;
- (c) all Capital Fees; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

"Property Tax Revenues" means all moneys derived from imposition by the District of the Required Mill Levy and does not include specific ownership tax revenues. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

**HIDDEN CREEK METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

“Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of imposition of the Required Mill Levy.

“Capital Fees” means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges or usage fees) now or hereafter imposed by the District. Capital Fees does not include any fee imposed solely for the purpose of funding operation and maintenance expenses.

Required Mill Levy

Pursuant to the Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount equal to 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2015) less the Permitted O&M Mill Levy Deduction for the applicable Mill Levy Certification Date and less the Contribution Mill Levy for the applicable Mill Levy Certification Date, or such lesser amount that will generate Property Tax Revenues which will pay the Bonds in full in the year such levy is collected.

The Permitted O&M Mill Levy Deduction means, for any particular Mill Levy Certification Date, the ad valorem property tax levy imposed on such Mill Levy Certification Date by the District for general, administrative, operation and maintenance costs, but not in excess of the number of mills which would generate property taxes in the succeeding collection year, after deduction of collection costs, in an amount equal to: (a) \$51,000 for collection year 2022, and (b) for each collection year thereafter, such maximum dollar amount for the prior collection year plus 2.00%.

To the extent that the District is able to impose less than 10 mills for operations and maintenance purposes, the Service Plan permits, and the Indenture requires, the District to increase its mill levy imposed for debt service by a corresponding amount up to 47 mills (i.e. the 50 mill Limited Mill Levy, less the 3 mill Contribution Mill Levy), subject to adjustment.

The District acknowledges that the law places certain restrictions upon the use of moneys derived from bond proceeds and debt service mill levies.

Emergency Reserve

TABOR requires local governments to establish emergency reserve. This reserve must be at least 3% of fiscal year spending. Since all funds received by the District are from Developer advances which pay for all of the District's operations and maintenance costs, an emergency reserve is not reflected in the District's budget.

This information is an integral part of the accompanying budget.

**HIDDEN CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$8,000,000 Limited Tax General Obligation Bonds
Series 2021A
July 15, 2021
Principal due December 1
Interest Rates 4.625% Payable
June 1 and December 1**

Year Ended December 31,	Principal	Interest	Total
2021	\$ -	\$ 22,490	\$ 22,490
2022	-	43,153	43,153
2023	-	93,807	93,807
2024	-	164,730	164,730
2025	-	236,323	236,323
2026	-	337,137	337,137
2027	-	425,680	425,680
2028	-	542,030	542,030
2029	-	625,848	625,848
2030	-	709,685	709,685
2031	-	708,490	708,490
2032	47,000	705,950	752,950
2033	384,000	367,826	751,826
2034	450,000	350,066	800,066
2035	470,000	329,254	799,254
2036	541,000	307,516	848,516
2037	565,000	282,495	847,495
2038	646,000	256,364	902,364
2039	673,000	226,486	899,486
2040	762,000	195,360	957,360
2041	795,000	160,118	955,118
2042	892,000	123,349	1,015,349
2043	933,000	82,094	1,015,094
2044	842,000	38,943	880,943
	<u>\$ 8,000,000</u>	<u>\$ 7,335,199</u>	<u>\$ 15,335,199</u>

The Bonds are cash flow bonds and have no fixed principal or interest payment schedule.

This information is an integral part of the accompanying budget.