

**SOUTH MARYLAND CREEK RANCH  
METROPOLITAN DISTRICT  
Summit County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2019**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>6</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>21</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>22</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>24</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>25</b>



1221 W. Mineral Avenue, Suite 202  
Littleton, CO 80120

 303-734-4800

 303-795-3356

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## Independent Auditor's Report

Members of the Board of Directors  
South Maryland Creek Ranch Metropolitan District  
Summit County, Colorado

We have audited the accompanying financial statements of the governmental activities and the major funds of South Maryland Creek Ranch Metropolitan 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 of 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 the major funds of South Maryland Creek Ranch Metropolitan District, as of December 31, 2019 and the respective changes in financial position and the 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**

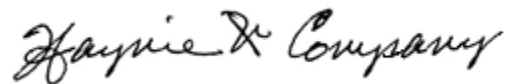
### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that 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 an opinion on the financial statements that collectively comprise South Maryland Creek Ranch Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.



Littleton, Colorado  
May 22, 2020

## **BASIC FINANCIAL STATEMENTS**

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 123,037
Cash and Investments - Restricted	901,118
Receivable from County Treasurer	2,655
Accounts Receivable	3,258
Property Taxes Receivable	638,258
Total Assets	1,668,326
<b>LIABILITIES</b>	
Accounts Payable	114,027
Accrued Interest Payable	330,199
Noncurrent Liabilities:	
Due in More Than One Year	25,971,205
Total Liabilities	26,415,431
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	638,258
Total Deferred Inflows of Resources	638,258
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	5,000
Debt Service	21,063
Unrestricted	(25,411,426)
Total Net Position	\$ (25,385,363)

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Governmental Activities:					
General Government	\$ 148,266	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	1,695,393	-	-	-	
Total Governmental Activities	\$ 1,843,659	\$ -	\$ -	\$ -	
<b>GENERAL REVENUES</b>					
Property Taxes				521,453	
Specific Ownership Taxes				31,113	
Interest Income				19,668	
Total General Revenues				572,234	
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year				(24,113,938)	
<b>NET POSITION - END OF YEAR</b>					
				\$ (25,385,363)	

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 123,037	\$ -	\$ -	\$ 123,037
Cash and Investments - Restricted	5,000	896,118	-	901,118
Receivable from County Treasurer	792	1,863	-	2,655
Accounts Receivable	3,258	-	-	3,258
Property Taxes Receivable	190,353	447,905	-	638,258
	<u>\$ 322,440</u>	<u>\$ 1,345,886</u>	<u>\$ -</u>	<u>\$ 1,668,326</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 114,027	\$ -	\$ -	\$ 114,027
Total Liabilities	114,027	-	-	114,027
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	190,353	447,905	-	638,258
Total Deferred Inflows of Resources	190,353	447,905	-	638,258
<b>FUND BALANCES</b>				
Restricted For:				
Emergency Reserves	5,000	-	-	5,000
Debt Service	-	897,981	-	897,981
Assigned To:				
Subsequent Year's Expenditures	10,129	-	-	10,129
Unassigned	2,931	-	-	2,931
Total Fund Balances	18,060	897,981	-	916,041
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 322,440</u>	<u>\$ 1,345,886</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(14,705,000)
Bond Interest Payable	(330,199)
Developer Advances Payable	(9,950,088)
Accrued Interest on Developer Advances	(1,316,117)
	<u>(26,301,404)</u>

Net Position of Governmental Activities	<u>\$ (25,385,363)</u>
---	------------------------

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 155,519	\$ 365,934	\$ -	\$ 521,453
Specific Ownership Taxes	9,279	21,834	-	31,113
Interest Income	1	19,553	114	19,668
Total Revenues	<u>164,799</u>	<u>407,321</u>	<u>114</u>	<u>572,234</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	21,698	-	-	21,698
Audit	5,200	-	-	5,200
County Treasurer's Fee	7,773	18,291	-	26,064
Dues	414	-	-	414
Insurance	2,508	-	-	2,508
Legal	11,190	-	-	11,190
Town - O & M Payment	99,432	-	-	99,432
Miscellaneous	51	-	-	51
Debt Service:				
Paying Agent Fees	-	6,000	-	6,000
Bond interest - Senior Bond	-	709,893	-	709,893
Total Expenditures	<u>148,266</u>	<u>734,184</u>	<u>-</u>	<u>882,450</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	16,533	(326,863)	114	(310,216)
<b>OTHER FINANCING SOURCES (USES)</b>				
Repay Developer Advance	-	-	(6,545)	(6,545)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,545)</u>	<u>(6,545)</u>
<b>NET CHANGE IN FUND BALANCES</b>	16,533	(326,863)	(6,431)	(316,761)
Fund Balances - Beginning of Year	<u>1,527</u>	<u>1,224,844</u>	<u>6,431</u>	<u>1,232,802</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 18,060</u>	<u>\$ 897,981</u>	<u>\$ -</u>	<u>\$ 916,041</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Changes in Fund Balances - Total Governmental Funds \$ (316,761)

Amounts reported for governmental activities in the statement of activities are different because:

Long-term debt (e.g., bonds, Developer advances) provides 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repay Developer Advance 6,545

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.

Accrued Interest on Developer Advances - Change in Liability (796,232)  
Accrued Interest on Bonds - Change in Liability (164,977)

Change in Net Position of Governmental Activities \$ (1,271,425)

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance- Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 163,837	\$ 155,519	\$ (8,318)
Specific ownership taxes	4,915	9,279	4,364
Interest income	-	1	1
Total Revenues	<u>168,752</u>	<u>164,799</u>	<u>(3,953)</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	20,000	21,698	(1,698)
Audit	5,500	5,200	300
County Treasurer's Fee	8,192	7,773	419
Dues	600	414	186
Insurance	3,000	2,508	492
Legal	20,000	11,190	8,810
Miscellaneous	-	51	(51)
Town - O & M Payment	114,115	99,432	14,683
Total Expenditures	<u>171,407</u>	<u>148,266</u>	<u>23,141</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,655)	16,533	19,188
Fund Balance - Beginning of Year	<u>19,583</u>	<u>1,527</u>	<u>(18,056)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 16,928</u></u>	<u><u>\$ 18,060</u></u>	<u><u>\$ 1,132</u></u>

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

South Maryland Creek Ranch Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by a Service Plan approved by the Town of Silverthorne, Colorado (the Town) on March 23, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the boundaries of the Town.

The District was established to provide financing, construction, acquisition, installation and ongoing operations and maintenance of Public Improvements, including streets, traffic safety, water, sanitary sewer, storm drainage, park and recreation, transportation and mosquito control improvements and facilities for the Development.

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.

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

**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. 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 the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct 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 capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. 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. Redemption of bonds is 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 District 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 taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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 debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses 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.

The District has amended its annual budget for the year ended 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 fund's average equity balance in the 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 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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 123,037
Cash and Investments - Restricted	901,118
Total Cash and Investments	\$ 1,024,155

Deposits with Financial Institutions	\$ 141,794
Investments	882,361
Total	\$ 1,024,155

**Deposits with Financial Institutions**

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 102% of the aggregate uninsured deposits.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

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.

As of December 31, 2019, the District had a bank balance of \$155,811 and a carrying balance of \$141,794.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 882,361

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2019	Due Within One Year
G.O. Bonds - Series 2018A	\$ 12,755,000	\$ -	\$ -	\$ 12,755,000	\$ -
G.O. Bonds - Series 2018B	1,950,000	-	-	1,950,000	-
Developer Advance					
- Capital	9,931,633	-	6,545	9,925,088	-
Accrued Interest -					
Developer Advances					
- Capital	518,078	794,486	-	1,312,564	-
Developer Advance					
- Operations	25,000	-	-	25,000	-
Accrued Interest -					
Developer Advances					
- Operations	1,807	1,746	-	3,553	-
	<u>\$ 25,181,518</u>	<u>\$ 796,232</u>	<u>\$ 6,545</u>	<u>\$ 25,971,205</u>	<u>\$ -</u>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$12,755,000 Series 2018A General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds**

On April 26, 2018, the District issued \$12,755,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Series 2018A Bonds (the "Series 2018A Bonds"). The Bonds were issued for the purposes of funding or reimbursing the costs of public improvements for the District, paying the costs of issuing the Bonds and funding the reserves and capitalized interest on the Series 2018A Bonds. The Series 2018A Bonds bear interest at a rate of 5.350%-5.625%, with interest payable on June 1 and December 1, and principal payable on December 1st, with the 5.350% bonds totaling \$2,755,000 maturing on December 1, 2033 and the 5.625% bonds totaling \$10,000,000 maturing on December 1, 2047. The Series 2018A Bonds are subject to redemption prior to maturity, at the option of the District as follows:

<b>Date of Redemption</b>	<b>Redemption Premium</b>
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

The Bonds are secured by and payable from Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collection: 1) the Required Mill Levy; 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and 3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee application as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve of \$546,719, but (i) not in excess of 40 mills (as adjusted), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount of \$1,000,000, not less than 40 mills as adjusted, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due. As of December 31, 2019, the maximum adjusted Debt Service Mill Levy was 44.531 mills.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$1,950,000 Series 2018B Subordinate General Obligation (Limited Tax) Bonds**

On April 26, 2018, the District issued \$1,950,000 Subordinate General Obligation (Limited Tax) Series 2018B Bonds (the "Series 2018B Bonds"). The Bonds were issued for the purposes of funding or reimbursing the costs of public improvements for the District and paying the costs of issuing the Bonds. The Series 2018B Bonds bear interest at a rate of 8%, payable to the extent of Subordinate Pledged Revenue available therefor on each December 15, commencing on December 15, 2018 and shall mature on December 15, 2047:

<b>Date of Redemption</b>	<b>Redemption Premium</b>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

The Bonds are secured by and payable from Subordinate Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collection: 1) the Subordinate Required Mill Levy; 2) The Subordinate Capital Fee Revenue, if any; 3) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; 4) the amounts, if any, in the Series 2018A Senior Bond Surplus Fund after the termination of such fund pursuant to the Series 2018A Senior Bond Indenture; and 5) any other legally available monies which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue. Subordinate Required Mill Levy means an ad valorem mill levy imposed on all taxable property of the District each year in the amount of 40 mills (as adjusted) less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal and interest on the Bonds. As of December 31, 2019, the maximum adjusted Subordinate Required Mill Levy was 44.531 mills. At this time, the schedule of repayments on the Series 2018B Bonds is unknown and will be made when cash flow is available. The balance of compounded and accrued interest on the Series 2018B Bonds at December 31, 2019 totaled \$271,041.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$1,950,000 Series 2018B Subordinate General Obligation (Limited Tax) Bonds  
(Continued)**

The District's long-term obligations relating to the Series 2018A Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 709,893	\$ 709,893
2021	-	709,893	709,893
2022	35,000	709,893	744,893
2023	85,000	708,020	793,020
2024	155,000	703,473	858,473
2025-2029	1,140,000	3,363,552	4,503,552
2030-2034	1,745,000	3,000,019	4,745,019
2035-2039	2,535,000	2,434,501	4,969,501
2040-2044	3,630,000	1,604,813	5,234,813
2045-2047	3,430,000	426,376	3,856,376
Total	<u>\$ 12,755,000</u>	<u>\$ 14,370,433</u>	<u>\$ 27,125,433</u>

**Debt Authorization**

On November 8, 2016 the District's voters authorized total indebtedness of \$132,000,000 for the purpose of providing Public Improvements and \$22,000,000 for the purpose of Debt for Operations and \$22,000,000 for refunding of debt. The maximum debt mill levy is 40.000 mills, as adjusted for changes in the assessment ratio, which resulted in an increase to 44.531 mills.

At December 31, 2019, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	<u>Authorized November 3, 2016 Election</u>	<u>Authorization Used Series 2018A</u>	<u>Authorization Used Series 2018B</u>	<u>Remaining at December 31, 2019</u>
Water	\$ 22,000,000	\$ (5,382,610)	\$ (822,900)	\$ 15,794,490
Street	22,000,000	(3,163,240)	(483,600)	18,353,160
Safety Protection	22,000,000	(51,020)	(7,800)	21,941,180
Park and Recreation	22,000,000	(12,755)	(1,950)	21,985,295
Sanitation	22,000,000	(4,145,375)	(633,750)	17,220,875
Operations	22,000,000	-	-	22,000,000
Public Transportation	22,000,000	-	-	22,000,000
Refunding	22,000,000	-	-	22,000,000
Total	<u>\$ 176,000,000</u>	<u>\$ (12,755,000)</u>	<u>\$ (1,950,000)</u>	<u>\$ 161,295,000</u>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 NET POSITION**

The District has net position consisting of two components - restricted and unrestricted.

The restricted component of net position consists of assets 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 had restricted net position as of December 31, 2019 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 5,000
Debt Service	21,063
Total Restricted Net Position	\$ 26,063

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements that have been conveyed to other governmental entities.

**NOTE 6 AGREEMENTS**

**Advance and Reimbursement Agreement**

On June 30, 2016, the Advance and Reimbursement Agreement for Operation and Maintenance Costs was entered into between the District and Maryland Creek Ranch, LLC (The Developer). The agreement provides that the Developer will advance to the District funds required to be paid by the District for operations and maintenance purposes. The District shall reimburse the Developer for the advances, together with interest at the rate of 7% per annum.

As of December 31, 2019, \$25,000 was outstanding with accrued interest of \$3,553.

**Infrastructure Acquisition Agreement**

On June 30, 2016, the Infrastructure Acquisition Agreement (the Agreement) was entered into between the District and the Developer. Under the terms of the Agreement, the District agrees to acquire Improvements completed by the Developer within thirty days of delivery of an acceptance letter, and to make payment for the Improvements, subject to annual appropriation and budget approval. The advances under the agreement accrue interest at 8% per annum.

As of December 31, 2019, \$9,925,088 was outstanding with accrued interest of \$1,312,564.

**Intergovernmental Agreement with the Town of Silverthorne**

Under the terms of the Service Plan, and in return for the Town agreeing to accept ownership and maintenance responsibilities of the public improvements, the District is to impose a mill levy, not to exceed 12 mills, subject to adjustment, to help defray the Town's maintenance costs. The adjusted mill levy is 13.266 mills.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Maryland Creek Ranch, LLC. Certain members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**NOTE 8 RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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). 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, property, workers compensation, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds 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, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On November 8, 2016, the District's voters approved for an annual increase in taxes of \$1,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

## **SUPPLEMENTARY INFORMATION**

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 385,506	\$ 365,934	\$ (19,572)
Specific Ownership Taxes	11,565	21,834	10,269
Interest Income	13,050	19,553	6,503
Total Revenues	<u>410,121</u>	<u>407,321</u>	<u>(2,800)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	19,275	18,291	984
Paying Agent Fees	6,000	6,000	-
Bond interest - Senior Bond	709,893	709,893	-
Contingency	4,797	-	4,797
Total Expenditures	<u>739,965</u>	<u>734,184</u>	<u>5,781</u>
<b>NET CHANGE IN FUND BALANCE</b>	(329,844)	(326,863)	2,981
Fund Balance - Beginning of Year	<u>1,193,443</u>	<u>1,224,844</u>	<u>31,401</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 863,599</u></u>	<u><u>\$ 897,981</u></u>	<u><u>\$ 34,382</u></u>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Net Investment Income	\$ -	\$ 114	\$ 114	\$ -
Total Revenues	-	114	114	-
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	114	114	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Repay Developer Advance	-	(6,545)	(6,545)	-
Total Other Financing Sources (Uses)	-	(6,545)	(6,545)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(6,431)	(6,431)	-
Fund Balance - Beginning of Year	-	6,431	6,431	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **OTHER INFORMATION**

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2019**

<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	\$12,755,000 General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) Series 2018A Dated April 26, 2018 Interest Rate 5.350% - 5.625%		
	<u>Interest Due June 1, Principal and Interest Due December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 709,893	\$ 709,893
2021	-	709,893	709,893
2022	35,000	709,893	744,893
2023	85,000	708,020	793,020
2024	155,000	703,473	858,473
2025	195,000	695,180	890,180
2026	210,000	684,748	894,748
2027	220,000	673,513	893,513
2028	250,000	661,743	911,743
2029	265,000	648,368	913,368
2030	295,000	634,190	929,190
2031	310,000	618,408	928,408
2032	350,000	601,823	951,823
2033	385,000	583,098	968,098
2034	405,000	562,500	967,500
2035	430,000	539,719	969,719
2036	475,000	515,531	990,531
2037	500,000	488,813	988,813
2038	550,000	460,688	1,010,688
2039	580,000	429,750	1,009,750
2040	635,000	397,125	1,032,125
2041	670,000	361,406	1,031,406
2042	725,000	323,719	1,048,719
2043	770,000	282,938	1,052,938
2044	830,000	239,625	1,069,625
2045	880,000	192,938	1,072,938
2046	950,000	143,438	1,093,438
2047	1,600,000	90,000	1,690,000
<b>Total</b>	<b><u>\$ 12,755,000</u></b>	<b><u>\$ 14,370,433</u></b>	<b><u>\$ 27,125,433</u></b>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 3,588,400	63.016	0.000	\$ 226,127	\$ 226,127	100.00 %
2019	8,717,520	18.794	44.222	549,343	521,453	94.92 <sup>(1)</sup>
Estimated for the Year Ending December 31, 2020	\$ 10,058,270	18.925	44.531	\$ 638,258		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

<sup>(1)</sup> In 2019, there was an abatement processed of \$26,888 resulting in a lower percentage of collection.