

**SAND CREEK  
METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sand Creek Metropolitan District  
Aurora, Colorado

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Sand Creek Metropolitan District (the District), as of and for the years ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through viii and the budgetary comparison information page 25 presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
July 11, 2022

**SAND CREEK METROPOLITAN DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
Year Ending December 31, 2021**

**History:**

The District, a quasi-municipal corporation, was organized by order of the District Court on November 20, 1995 initially as Gateway Park Metropolitan District, but, on February 14, 1996, the name was changed to Sand Creek Metropolitan District ("SCMD"). The District is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the City of Aurora ("City" herein) and is subject to an intergovernmental agreement with the City requiring, inter alia, prior City approval for inclusions or exclusions of property into or out of the District, consolidation, and the future dissolution of the District. The District's service area is located partially in Adams County and partially in the City and County of Denver ("Denver" herein). The District was established to provide financing for and the construction and selected maintenance of roadway improvements, drainage structures, street safety controls, parks and recreation facilities, potable and irrigation water, sanitary sewer, landscaping improvements, television relay and translation systems and mosquito control.

**Overview of the Financial Statements:**

This discussion and analysis are intended to serve as an introduction and guide to the District's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements:**

The government-wide financial statements provide readers with a broad overview of the District's financials, in a manner similar to those for private-sector businesses. The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences among the four reported as net position. The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year.

**Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has three funds, the General Fund, the Capital Projects Fund, and the Debt Service Fund which are governmental funds. The District is required to present fund balance sheets and statements of revenues, expenses, and changes in fund balance.

**General 2021:**

District efforts in 2021 focused on (1) increasing the efficiency of its operation and maintenance activities; (2) completing capital projects including the UPB 1- detention pond landscaping project; the public improvement portions of the Building 24/25 project; (3) planning, design, and entitlement of a number of roadway, utility, drainage, landscape and traffic signal improvements as listed in the Major Milestones section below all to support continued assessed value growth within the District and which projects are all expected to be under construction in 2022.

**Major 2021 Milestones:**

- Experienced an increase in assessed valuation from \$264,229,330 to \$288,432,700 due to new construction within the district and reassessment of certain properties within the District;
- Continued maintenance and repair of all District facilities and compliance with existing IGAs with The Cities of Aurora and Denver, with Denver Aviation (now DEN), and bond covenants and continuing disclosures;
- Design and entitlement of the public portions of the Building 26 and 27 projects to include potable water, sanitary sewerage, storm sewerage, a Bolling Tributary channel box culvert; landscape street lights and the Pond D lift station. Proceeds from the 2020 bond issue will be used to fund these improvements at an estimated cost of \$2,800,000;

- Design and entitlement of the public portions of the TIC 2 project to support a 512,000 square foot distribution facility to include E. 35<sup>th</sup> and E. 37<sup>th</sup> Avenue, conversion and expansion of the Pond C detention pond from a wet facility to a dry pond; potable water, sanitary sewerage and storm sewerage systems; a deceleration lane; public walks and all associated landscape. Funds from the 2020 bond issue will be used to fund these improvements at an estimated cost of \$2,200,000;
- Completion of a Cost Share and Right of Way agreement with CP Bedrock for the construction and shared financing of E. 45<sup>th</sup> Avenue in the City and County of Denver. This agreement requires the District to design and construct E. 45<sup>th</sup> including potable water, re-use water, storm and sanitary sewerage systems within same. Funds from the 2020 bond issue will be used to defray these costs estimated to be \$2,200,000 with 50% of that cost to be reimbursed to the District by CP Bedrock upon completion of the facilities;
- Design and entitlement for Telluride Street and associated utilities, the fourth leg of the traffic signal at E.40<sup>th</sup> Avenue and Salida Street (the roadway is Telluride north of E.40<sup>th</sup> in Denver and Salida Street south of E. 40<sup>th</sup> in Aurora), and a pedestrian bridge crossing of E.40<sup>th</sup> Avenue at an estimated cost of \$4,000,000 which will be paid by a combination of 2020 bond proceeds and District lien payment by the project developer;
- Design and entitlement of a new traffic signal at the intersection of E.40<sup>th</sup> Avenue and Walden Street estimated to cost \$500,000 to be paid for with a combination of 2020 bond proceeds and developer lien reimbursements;

#### General Discussion of District Financial Position:

The following discussion should be read in conjunction with the Notes to the Financial Statements. The governmental funds financial statements focus on the measurement of current financial resources. Therefore, the balance sheet includes only current assets and liabilities and the statement of revenues, expenditures and changes in fund balance reports the sources and uses of current financial resources. The government-wide statements for the District include capital assets and bonds payable that are not included in the fund financial statements. The financial statements also include reconciliations between the fund financial statements and the government-wide statements.

The following table presents the condensed statement of net position for the District as of December 31, 2021.

Condensed Financial Information			
December 31, 2021			
	Governmental Activities		Governmental Activities
	December 31, 2020		December 31, 2021
<b>Assets:</b>			
Current Assets	\$	21,814,240	\$ 21,174,851
Deferred Outflows of Resources		418,125	397,211
Net Capital Assets		10,347,465	10,550,295
<b>Total Assets</b>		<b>32,579,830</b>	<b>32,122,357</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Current Liabilities		2,990,801	3,150,067
Noncurrent Liabilities		68,553,998	65,656,733
<b>Total Liabilities</b>		<b>71,544,799</b>	<b>68,806,800</b>
Deferred Inflows of Resources		7,117,732	7,113,771
<b>Total Liabilities and Deferred Inflows of Resources</b>		<b>78,662,531</b>	<b>75,920,571</b>
<b>Net Position:</b>			
Net Investment in Capital Assets		(49,062,455)	(46,401,713)
Restricted Net Position		102,867	82,084
Unrestricted Net Position		2,876,887	2,521,415
<b>Total Net Position</b>	\$	<b>(46,082,701)</b>	\$ <b>(43,798,214)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$	<b>32,579,830</b>	\$ <b>32,122,357</b>

As shown in the Statement of Net Position and as described in Note 13 of the Financial Statement, the District's Total Net Position of \$(43,798,214) at December 31, 2021, results from the District issuance of long term municipal bonds to fund capital infrastructure improvements and, when completed, the subsequent transfer of the majority of said improvements to third party governmental entities for perpetual operation and maintenance. The transfer of these assets to other governmental entities minimizes the District's ongoing operation and maintenance costs and is consistent with requirements of the City of Aurora and the City and County of Denver in which the District is located. Non-transferred assets remaining on the District's Statement of Net Position consist primarily of right-of-way landscaping, lakes/storm water detention facilities, entry monuments, various private drives/streets, storm water lift stations, streetlight systems, and limited sanitary, sewers, storm sewers, and box culverts.

As shown in the Statement of Activities, the negative Net Position, End of Year increased by \$2,284,488 between December 31, 2020 and December 31, 2021. Total Governmental Activities, net program expense of \$(5,064,352), was offset by Total General Revenues of \$7,348,840. It is expected that the negative Total Net Position will increase in the short term, but eventually stabilize and then decrease upon completion of all required infrastructure within the District, completed asset transfers to the Cities cease, and long term bond debt (non-recurring liabilities) is retired.

District activities are divided into three funds as described in Note 3 of the Statement: General Fund, Capital Projects Fund and Debt Service Fund. Total General Fund expenditures for 2021 were \$1,698,454 the majority of which were related to irrigation water and landscape maintenance totaling \$850,969, office lease expense of \$206,795, and utilities of \$405,343. Other District General Fund expenses include management fees, legal, audit and insurance expenditures. General Fund revenues derive from office space sub-lease, lien and other reimbursements and fees, and a 2021 operating mill levy of 5.75 mills. The 2022 operating mill levy of 5.75 mills, when assessed against the District's 2022 assessed valuation, is expected to generate sufficient revenue to cover budgeted operating expenditures and targeted major infrastructure repair and maintenance items without reliance on reimbursement revenue or bond proceeds. Reimbursement revenue received by the General Fund in excess of operating costs is anticipated to be held as an undesignated reserve for use by the District for any lawful purpose.

Capital project expenditures for 2021 were \$1,010,710 to complete the TIC 2 lift station and to fund the entitlement and design projects discussed in the Milestone section.

The Debt Service Fund balance at year end 2021 was \$1,320,541. The debt service payments and related costs are funded primarily with property tax revenues derived from the 2021 debt service mill levy of 18.00 mills reduced from 18.5 mills in 2020. Debt service funds are used solely for payment of bond interest, bond principal and associated bond costs. While the debt service reserve is not required by any existing bond covenant, the District Board has directed that a minimum, voluntary \$2,000,000 be retained in the Debt Service fund and that the debt service mill levy be set accordingly. Due to anticipated growth in the District's assessed valuation over that next future years, the debt service mill levy may be further reduced while still maintaining the voluntary reserve.

The District's 2021 financial position strengthened over 2020 due to continued assessed value growth, strong fund balances, and less reliance on third party reimbursements. The effect of growing uncertainty caused by unsettled geo-political affairs rising inflation, and increasing interest rates on District growth is unknown but is mitigated by the Board's decision to establish and maintain the voluntary debt service reserve

The following discussion and data table compares the budget to actual 2020 and 2021 activity in the funds.

**Sand Creek Metropolitan District**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2021

	Total Governmental Activities Actual 2020	Total Governmental Activities Actual 2021	Original Budget 2021	Amended & Final Budget 2021	Variance
<b>Revenues:</b>					
Property Taxes	\$ 6,206,030	\$ 6,577,363	\$ 6,715,701	\$ 6,586,955	\$ (9,592)
Specific Ownership Taxes	428,127	483,649	402,942	436,515	47,134
Reimbursements	66,689	47,727	328,359	328,359	(280,632)
Contract Revenue	-	-	-	-	-
Office Sub-Lease Revenue	188,464	195,860	163,382	163,382	32,478
Miscellaneous	-	-	5,000	5,000	(5,000)
Interest	14,504	44,241	17,000	7,000	37,241
<b>Total Revenues</b>	<b>6,903,814</b>	<b>7,348,840</b>	<b>7,632,384</b>	<b>7,527,211</b>	<b>(178,371)</b>
<b>Expenditures:</b>					
<b>Operating Expenditures:</b>					
Audit	7,700	7,800	7,800	7,800	-
Legal	12,630	30,589	15,000	15,000	(15,589)
Management Fees	116,381	68,481	100,000	100,000	31,519
Insurance	12,233	13,030	13,000	13,000	(30)
County Treasurer Fees	19,735	21,466	22,000	22,000	534
Utilities	420,158	405,343	411,500	411,500	6,157
Office Lease Expense	218,233	206,795	199,500	199,500	(7,295)
Other	24,060	39,311	8,150	8,150	(31,161)
Property Tax Rebates	-	-	64,511	64,511	64,511
Capital Repairs	254,010	54,670	123,000	123,000	68,330
Landscape Maintenance	853,732	850,969	787,601	787,601	(63,368)
RTD Lien	-	-	174,956	174,956	174,956
	1,938,872	1,698,454	1,927,018	1,927,018	228,564
<b>Debt Service:</b>					
County Treasurer Fees	66,250	69,879	73,800	69,879	-
Bank Service Fees	2,647	1,438	3,000	1,438	-
Principal	2,515,000	2,485,000	2,485,000	2,485,000	-
Management Fees	-	-	6,000	-	-
Miscellaneous	-	300	-	300	-
Interest Expense	2,027,878	2,785,510	2,650,508	2,785,511	1
Property Tax Rebates	87,518	82,370	94,449	82,370	-
	4,699,293	5,424,497	5,312,757	5,424,498	1
<b>Capital Outlay:</b>					
Management Fees	115,238	126,858	60,750	60,750	(66,108)
Other Contract Services	54,605	52,051	121,600	121,600	69,549
Landscape Maintenance	176,510	77,073	150,000	150,000	72,927
Construction Costs	1,143,671	754,728	3,900,000	3,900,000	3,145,272
	1,490,024	1,010,710	4,232,350	4,232,350	3,221,640
<b>Total Expenditures</b>	<b>8,128,189</b>	<b>8,133,661</b>	<b>11,472,125</b>	<b>11,583,866</b>	<b>3,450,205</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,224,375)	(784,821)	(3,839,741)	(4,056,655)	3,271,834
<b>Other Financing Sources (Uses):</b>					
Bond Proceeds	35,093,119	-	-	-	-
Bond Issue Costs	(468,416)	-	-	-	-
Bond Insurance	(383,533)	-	-	-	-
Payment for Refunding of Debt	(22,295,401)	-	-	-	-
Transfer from (to) Other Funds	-	-	-	60,000	(60,000)
<b>Total Other Financing Sources (Uses)</b>	<b>11,945,769</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>(60,000)</b>
Net Changes in Fund Balances	10,721,394	(784,821)	(3,839,741)	(3,996,655)	3,211,834
<b>Adjustments to Reconcile Net Changes in Fund Balance to Change in Net Position:</b>					
Capital Outlay in excess of Depreciation	(30,528)	202,828	-	-	-
Debt Payments in excess of Accruals & Amortization	(10,867,312)	2,866,481	-	-	-
Total Adjustments	(10,897,840)	3,069,309	-	-	-
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (176,447)</b>	<b>\$ 2,284,488</b>	<b>\$ (3,839,741)</b>	<b>\$ (3,996,655)</b>	<b>\$ 3,211,834</b>

**Capital Assets:** The District reported \$10,550,295 in capital assets for its governmental-type activities for the year ended December 31, 2021. Additions during the year totaled \$1,010,683, primarily related to the design, and entitlement of the detention pond, roadways and completion of the storm water lift station to serve the TIC 2 area of Gateway Park. Additional information on the District's capital assets can be found in Note 6 on page 14 of this report.

**Long-Term Debt:** As of December 31, 2021, the District had outstanding debt totaling \$ 63,710,000. This debt is comprised of general obligation limited tax bonds. Additional information on the District's long-term debt can be found in Note 7 on pages 15 thru 21 of this report.

**Revenues:** Due to delayed reimbursements, the total revenue in the General Fund was \$250,645 less than the budgeted amount but was still sufficient to cover all General Fund expenditures. Debt Service Fund revenue was \$49,226 less than budget due to 98% and 97% property tax collection rates in Adams and Denver Counties respectively.

**Expenditures:** Total 2021 General Fund expenditures of \$1,698,454 were under budget and less than those for 2020. Capital project expenditures for 2021 were \$1,010,710 related to the work described in the Major Milestones section of this MDNA. Debt Service expenditures exceeded the original budget by \$111,740 due to higher than budgeted 2020 bond interest expense, but was adjusted for with a 2021 supplemental budget. The variance between the 2021 Capital Projects budget and actual expenditures was due to project entitlement delays.

**Fund Balances:** General Fund starting balance was \$1,628,293 and 2021 ending balance was \$1,830,095. Capital Project Fund starting balance was \$11,995,829 and the ending balance was \$11,013,167. Debt Fund starting balance was \$1,324,502 and the ending balance was \$ 1,320,541. The decrease in the Capital fund was due to expenditures of funds on work in progress. The increase in the General Fund was due to spending \$258,664 less than budgeted expenditures.

**2022 Expectations:** In budget year 2022, the District will be focused on completing the projects listed in the Major Milestone Section of this MDNA; exploring the need for additional bond financing to fund projects needed for continued assessed value growth, and efficiently performing its on-going maintenance and repair obligations.

**Requests for Information:** This financial report is designed to provide a general overview of Sand Creek Metropolitan District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jacque DeRenzo, Associate  
Manager, District Accounting  
(303) 371-9000  
Sand Creek Metropolitan District  
100 St. Paul Street, Suite 300, Denver, CO 80206

**SAFE HARBOR DISCLAIMER:**

Statements in this report that are not historical are forward-looking statements subject to risk and uncertainties that could cause actual results to differ materially. Such risk and uncertainties include fluctuations in economies worldwide and within the District's markets, fluctuations in the District's customer's demands, changes in environmental and other governmental regulations, changes in terms from lenders, ability to retain key management and to reach agreement on intergovernmental agreements, changes in the District's ability to obtain capital for expansion, and changes in energy and water prices.

Sand Creek Metropolitan District  
Statement of Net Position  
December 31, 2021

		Governmental Activities
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$	2,561,504
Cash and Cash Equivalents - Restricted		11,756,936
Accounts Receivable		46,440
Prepaid Insurance		13,781
Property Taxes Receivable		6,796,190
<b>Total Current Assets</b>		<b>21,174,851</b>
<b>Deferred Outflows of Resources</b>		
Bond Insurance, Net of Amortization		397,211
<b>Total Deferred Outflows of Resources</b>		<b>397,211</b>
<b>Capital Assets Non-Depreciable:</b>		
Infrastructure Assets		5,643,976
Construction Work in Progress		1,716,744
<b>Capital Assets Depreciable:</b>		
Infrastructure Assets, Net of Depreciation		3,129,039
Leasehold Improvements, Net of Amortization		57,467
Office Equipment, Net of Depreciation		3,069
<b>Total Capital Assets</b>		<b>10,550,295</b>
<b>Total Assets</b>		<b>32,122,357</b>
<b>Liabilities and Net Position:</b>		
<b>Current Liabilities:</b>		
Accounts Payable		279,010
Interest Payable		216,057
Bond Payable, Due within One Year		2,655,000
<b>Total Current Liabilities</b>		<b>3,150,067</b>
<b>Long-Term Liabilities:</b>		
Bond Payable		61,055,000
Bond Premium, Net of Amortization		4,601,733
<b>Total Liabilities</b>		<b>68,806,800</b>
<b>Deferred Inflows of Resources</b>		
Deferred Property Taxes		6,732,038
Gain on Bond Refunding, Net of Amortization		381,733
<b>Total Deferred Inflows of Resources</b>		<b>7,113,771</b>
<b>Net Position:</b>		
Net Investment in Capital Assets		(46,401,713)
Restricted Net Position		82,084
Unrestricted Net Position		2,521,415
<b>Total Net Position</b>	<b>\$</b>	<b>(43,798,214)</b>

Sand Creek Metropolitan District  
Statement of Activities  
For the Year Ended December 31, 2021

	<u>Program Revenues</u>		
	Expenses	Operating / Capital Contributions	Governmental Activities
<b>Activities:</b>			
<b>Operating Expenses:</b>			
Audit	\$ (7,800)	\$ -	\$ (7,800)
Legal	(30,589)	-	(30,589)
Management Fees	(68,481)	-	(68,481)
Insurance	(13,030)	-	(13,030)
County Treasurer Fees	(21,466)	-	(21,466)
Utilities	(405,343)	-	(405,343)
Office Lease Expense	(206,795)	-	(206,795)
Other	(39,311)	-	(39,311)
Capital Repairs	(54,670)	-	(54,670)
Landscape Maintenance	(850,969)	-	(850,969)
Depreciation Expense	(536,381)	-	(536,381)
Amortization Leasehold Improvement	(14,368)	-	(14,368)
Depreciation Office Equipment	(1,151)	-	(1,151)
	(2,250,354)	-	(2,250,354)
<b>Debt Service:</b>			
Miscellaneous	(300)	-	(300)
County Treasurer Fees	(69,879)	-	(69,879)
Bank Service Fees	(1,438)	-	(1,438)
Interest	(2,645,681)	-	(2,645,681)
Amortization - Bond Premium	242,266	-	242,266
Amortization - Bond Insurance Premium	(20,913)	-	(20,913)
Amortization - Loss on Bond Refunding	20,299	-	20,299
Property Tax Rebates	(82,370)	-	(82,370)
	(2,558,016)	-	(2,558,016)
<b>Capital Outlay:</b>			
Management Fees	(126,858)	-	(126,858)
Other Contract Services	(52,051)	-	(52,051)
Landscape Maintenance	(77,073)	-	(77,073)
	(255,982)	-	(255,982)
	-	-	-
<b>Total Governmental Activities</b>	<b>\$ (5,064,352)</b>	<b>\$ -</b>	<b>(5,064,352)</b>
<b>General Revenues:</b>			
Property Taxes			6,577,363
Specific Ownership Tax			483,649
Reimbursements			47,727
Office Sub-Lease Revenue			195,860
Interest			44,241
<b>Total General Revenues</b>			<b>7,348,840</b>
Change in Net Position			2,284,488
Net Position, Beginning of Year			(46,082,702)
<b>Net Position, End of Year</b>		<b>\$</b>	<b>(43,798,214)</b>

Sand Creek Metropolitan District  
Balance Sheet - Governmental Funds  
December 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 459,764	\$ 2,101,740	\$ -	\$ 2,561,504
Cash and Cash Equivalents -Restricted	-	-	11,756,936	11,756,936
Accounts Receivable	46,440	-	-	46,440
Prepaid Insurance	13,781	-	-	13,781
Property Taxes Receivable	1,616,020	5,180,170	-	6,796,190
Interfund Receivable (Payable)	1,471,132	(830,103)	(641,029)	-
<b>Total Assets</b>	<b>3,607,137</b>	<b>6,451,807</b>	<b>11,115,907</b>	<b>21,174,851</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	176,270	-	102,740	279,010
<b>Total Liabilities</b>	<b>176,270</b>	<b>-</b>	<b>102,740</b>	<b>279,010</b>
<b>Deferred Inflows of Resources:</b>				
Deferred Property Taxes	1,600,772	5,131,266	-	6,732,038
<b>Total Deferred Inflows of Resources</b>	<b>1,600,772</b>	<b>5,131,266</b>	<b>-</b>	<b>6,732,038</b>
<b>Fund Balance:</b>				
Non-spendable	13,781	-	-	13,781
Restricted				
For TABOR	51,763	-	30,321	82,084
For Debt	-	-	-	-
Assigned				
For Debt	-	1,320,541	-	1,320,541
For Capital Outlay	-	-	10,982,846	10,982,846
Unassigned	1,764,551	-	-	1,764,551
<b>Total Fund Balance</b>	<b>1,830,095</b>	<b>1,320,541</b>	<b>11,013,167</b>	<b>14,163,803</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 3,607,137</b>	<b>\$ 6,451,807</b>	<b>\$ 11,115,907</b>	<b>\$ 21,174,851</b>

Sand Creek Metropolitan District  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 December 31, 2021

Total Governmental Fund Balances \$ 14,163,803

Reconciliation to Statement of Net Position:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Infrastructure Assets (net of depreciation)	\$	8,773,015	
Work in Progress		1,716,744	
Leasehold Improvements (net of amortization)		57,467	
Office Equipment (net of depreciation)		3,069	
			10,550,295

Deferred outflows of resources are not available to pay for current period expenditures and therefore are not reported in the funds.

Bond Insurance (net of amortization)	\$	397,211	397,211
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Liabilities, including bonds payable and amounts for retirement of assets are not due in the current period and therefore are not reported in the funds

Bond Payable	\$	(63,710,000)	
Bond Interest Accrual		(216,057)	
Bond Gain on Refunding, Net		(381,733)	
Bond Premium, Net		(4,601,733)	
			(68,909,523)

**Net Position Of Governmental Activities \$ (43,798,214)**

Sand Creek Metropolitan District  
Statement of Revenues, Expenditures and Changes In Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 1,527,074	\$ 5,050,289	\$ -	\$ 6,577,363
Specific Ownership Taxes	113,402	370,247	-	483,649
Reimbursements	26,001	-	-	26,001
Contract Revenue	21,726	-	-	21,726
Office Sub-Lease Revenue	195,860	-	-	195,860
Interest	16,193	-	28,048	44,241
<b>Total Revenues</b>	<b>1,900,256</b>	<b>5,420,536</b>	<b>28,048</b>	<b>7,348,840</b>
<b>Expenditures:</b>				
<b>Operating Expenditures:</b>				
Audit	7,800	-	-	7,800
Legal	30,589	-	-	30,589
Management Fees	68,481	-	-	68,481
Insurance	13,030	-	-	13,030
County Treasurer Fees	21,466	-	-	21,466
Utilities	405,343	-	-	405,343
Office Lease Expense	206,795	-	-	206,795
Other	39,311	-	-	39,311
Capital Repairs	54,670	-	-	54,670
Landscape Maintenance	850,969	-	-	850,969
	1,698,454	-	-	1,698,454
<b>Debt Service:</b>				
Miscellaneous	-	300	-	300
County Treasurer Fees	-	69,879	-	69,879
Bank Service Fees	-	1,438	-	1,438
Principal	-	2,485,000	-	2,485,000
Interest Expense	-	2,785,510	-	2,785,510
Property Tax Rebates	-	82,370	-	82,370
	-	5,424,497	-	5,424,497
<b>Capital Outlay:</b>				
Management Fees	-	-	126,858	126,858
Other Contract Services	-	-	52,051	52,051
Landscape Maintenance	-	-	77,073	77,073
Construction Costs	-	-	754,728	754,728
	-	-	1,010,710	1,010,710
<b>Total Expenditures</b>	<b>1,698,454</b>	<b>5,424,497</b>	<b>1,010,710</b>	<b>8,133,661</b>
Net Change in Fund Balances	201,802	(3,961)	(982,662)	(784,821)
Fund Balances, Beginning of Year	1,628,293	1,324,502	11,995,829	14,948,624
<b>Fund Balances, End of Year</b>	<b>\$ 1,830,095</b>	<b>\$ 1,320,541</b>	<b>\$ 11,013,167</b>	<b>\$ 14,163,803</b>

**Sand Creek Metropolitan District  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2021**

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Net Change in Fund Balances - Total Governmental Funds \$ (784,821)

Amounts reported for governmental activities in the statement of activities are different due to the circumstances noted below:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay - Construction Costs	\$	754,728	
Depreciation Expense		(536,381)	
Amortization Leasehold Improvement		(14,368)	
Depreciation Office Equipment		(1,151)	
		202,828	202,828

The incurrence of long-term debt provides current financial resources in governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.

Principal	\$	2,485,000	
Bond Interest Accrual		139,829	
Amortization - Bond Premium		242,266	
Amortization - Bond Insurance		(20,913)	
Amortization - Loss on Bond Refunding		20,299	
		2,866,481	2,866,481

**Change in Net Position Of Governmental Activities \$ 2,284,488**

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**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

The District, a quasi-municipal corporation, was organized by order of the District Court on November 20, 1995 initially as Gateway Park Metropolitan District, and as of February 14, 1996, the name was changed to Sand Creek Metropolitan District. It is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the City of Aurora and subject to an intergovernmental agreement requiring prior City approval for inclusions or exclusions of property into or from the District, consolidation and the future dissolution of the District. The District's service area is located partially in Adams County and partially in the City and County of Denver. The District was established to provide financing for the construction and installation of streets, drainage structures, street safety controls, parks and recreation facilities, water, sewer and landscaping improvements, television relay, translation systems and mosquito control.

The District's service plan anticipates that the District will provide ongoing services only to the extent that the City & County of Denver and the City of Aurora do not provide such services. The District will not operate and maintain water, sanitary sewer or street safety facilities except through the creation of an intergovernmental agreement with the City and County of Denver and the City of Aurora. However, it is intended that the District supplement the services of these cities in the area of street maintenance, including supplemental street sweeping, snow plowing and minor repairs, landscape and open space installation and maintenance including park, streetscape and drainage facilities and has entered into a "Border Streets" agreement with both cities to do so. The District may construct, acquire or contract with these cities to install and maintain, the operation and maintenance of television relay and translation facilities internal and specific to the District, and the operation and maintenance of mosquito control services. The District may also provide continuing operation and maintenance of transportation facilities such as park and ride facilities and public parking lots, bus shelters and facilities or services related to bus service and light or heavy rail facilities transporting people and cargo.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 contracts for all of its management and professional services (see Note 8).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Budgets**

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. In accordance with the State Budget Law, 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 annual 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 and after a public hearing. The budget includes each fund on its basis of accounting unless otherwise indicated.

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

In 2021 the District adopted a supplemental budget to appropriate for additional revenues and expenses accrued and incurred in the fiscal year.

**Capital Assets**

Governmental capital assets typically result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during each budget year. The District maintains a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized if they exceed the capitalization threshold and have a life of a year or more. The costs of normal maintenance and repairs are expensed. All reported capital assets are depreciated except for land, landscape, lakes and construction in progress. The District does not depreciate its landscape or lake assets because it has an annual maintenance program for care and replacement under which costs are expensed. The District does not have potable water systems. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Class Life (Depreciable Years)</u>
Municipal Sewer	20 Years
Sidewalks	15 Years
Roads (Surface Improvements Only)	15 Years
Bridges & Monuments	15 Years
Boardwalks	15 Years
Fencing	15 Years
Land Improvements	10 Years
Equipment	7 Years
Office Equipment	5 Years

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts. Actual results could differ from these estimates.

**Fund Balance**

Fund balance classifications, provide for a hierarchy of spending constraints for spendable resources and disclosure for non-spendable resources. In the fund financial statements, the District classifies governmental fund balances as follows:

- **Non-spendable** – Includes fund balance amounts that cannot be spent, either because they are not in spendable form or because of legal or contractual constraints.
- **Restricted** – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

- **Committed** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority (i.e. the Board) and does not lapse at year-end. The Board is responsible for establishing, modifying, or rescinding the commitment.
- **Assigned** – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Board authorized management to assign amounts related to a specific purpose.
- **Unassigned** – Includes fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Net Position**

Net position represents the differences between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent proceeds, they are not included in the calculation of net investment in capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed through constitution provisions or enabling legislation. All other assets are unrestricted.
- **Unrestricted** – This component of net position consists of all other categories of net position.

When an expense is incurred for purposes which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**Interfund Activity**

On the fund financial statements, receivables and payables resulting from transfers of cash between funds for purposes of providing the debt fund with sufficient cash for debt service are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in the governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between funds reported in the governmental activities column are eliminated.

**Transfers to / from Other Funds**

Transfers are used to move unrestricted revenues collected in the General Fund to finance various activities accounted for in other funds.

**Pooled Cash**

The District typically pools cash and investments of all funds to maximize investment earnings unless funds or investments are required to be segregated by covenant. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash pool.

**NOTE 3 – BASIS OF PRESENTATION**

The District's basic financial statements consist of government-wide statements, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

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. The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole.

The statement of net position presents the financial position of the primary government activities of the District at year-end. The statement of activities presents a comparison between direct expenses and revenues of the District's primary governmental function. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 3 – BASIS OF PRESENTATION (CONTINUED)**

The statement of activities reports the primary government expenses offset by revenues directly connected with that activity. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Primary government revenues are comprised of general fund and debt service fund property tax revenue, interest income, reimbursements, and intergovernmental agreement income. These revenues are subject to restrictions on use imposed by bond covenants, contract obligations and applicable statutes and regulations.

**Fund Financial Statements**

During the year, the District segregates transactions related to activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a detailed level. Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns.

**Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses only three governmental funds. Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the fund from which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets plus deferred outflows and liabilities plus deferred inflows as fund balance. The following are the District's three major governmental funds:

- **General Fund** – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is appropriated and is expended or transferred according to the general laws of Colorado.
- **Debt Fund** - The Debt fund accounts for all property tax income derived from the District's debt service mill levy and bond revenue. It accounts for capitalized interest and debt service reserves. Expenditures in the Debt fund are limited to bond principal and interest payments, payment of service fees related to property tax collections, bond issuance expenses, property tax rebates, and inter-fund transfers to primarily the capital projects fund.
- **Capital Projects Fund** - The Capital Projects fund accounts for capital expansion and building projects planned for the years reported and ensuing years. Revenue to the fund is typically derived from issuance of tax-exempt bonds and from reimbursement income.

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 4 – BASIS OF ACCOUNTING**

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Comparative Data**

Comparative total data for the prior year have been presented only for individual funds in the supplementary information in order to provide an understanding of the changes in the financial position and operations of these funds.

**Revenues – Non-Exchange Transactions**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, and specific ownership taxes. On an accrual basis, revenue from property taxes and specific ownership taxes is recognized in the fiscal year for which the taxes are levied. On a modified accrual basis, revenue from non-exchange transactions also must be available. (i.e., collected within 60 days) before it can be recognized. Under the modified accrual basis, property taxes, specific ownership taxes, and interest are accrued. Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

The District's Board of Directors sets the District's mill levy by December 15 of each calendar year. The mill levy combined with the assessed valuations of all property within the District, as established by the County Assessors, allows the District to estimate its annual property tax revenue. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable annually 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 normally held in November or December. The County Treasurers remit the taxes collected monthly to the District net of collection fees. Abatements or credits are recorded in the year when notified by the Counties.

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 4 – BASIS OF ACCOUNTING (CONTINUED)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are fully paid when due from current financial resources are reported as obligations of these funds.

**Bond Premiums, Discounts and Issuance Costs**

On the statement of net position, bond premiums and discounts are netted against bonds payable and amortized over the life of the defeased and or the refunded bond, whichever is shorter. At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

**NOTE 5 – CASH AND INVESTMENTS**

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 form a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is 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 Regulatory Commissions for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of uninsured deposits and assets maintained in the collateral pools. At December 31, 2021, the District's cash deposits had a bank balance and carrying balance as follows:

Description	Carrying Balance	Bank Balance
Insured/Collateralized Deposits	\$ 14,318,440	\$ 14,421,482

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2021, none of the District's bank balance was exposed to custodial credit risk, as amounts were either insured or collateralized. The District carried bank balances in excess of federally insured amounts of \$13,921,482 at December 31, 2021. All amounts not federally insured are fully collateralized as required under the PDPA.

**Investment Risk Factors**

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The District follows investment

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 5 – CASH AND INVESTMENTS (CONTINUED)**

guidelines outlined in Colorado statutes to provide the basis for management of a prudent investment program appropriate to the particular fund type.

As of December 31, 2021, the District has no investments.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this review. Investments in various investment pools managed by the Treasurer of The Regents are external investment pools and are not subject to concentration of credit risk. There is no concentration of any single individual issuer of equity or non-U.S. government fixed income securities that comprise more than five percent of total investments. The District has no exposure to concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that the value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a long time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities. The District has no exposure to interest rate risk.

**Foreign Currency Risk**

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The District has no exposure to foreign currency risk.

**NOTE 6 – CAPITAL ASSETS**

Analysis of the changes in capital assets during the year ended December 31, 2021 is as follows:

Description	12/31/20	Additions	Capitalized Assets	Transfers	12/31/21
Water Wells	\$ 181,049	\$ -	\$ -	\$ -	\$ 181,049
Streets/Drainage	12,638,885	-	-	-	12,638,885
Open Space	5,216,105	-	-	-	5,216,105
Construction in Process	962,016	1,010,683	-	(255,955)	1,716,744
Leasehold Improvements	143,667	-	-	-	143,667
Office Equipment	5,753	-	-	-	5,753
<b>Total Capital Assets</b>	<b>19,147,475</b>	<b>1,010,683</b>	<b>-</b>	<b>(255,955)</b>	<b>19,902,203</b>
<b>Accumulated Depreciation</b>	<b>(8,800,010)</b>	<b>(551,898)</b>	<b>-</b>	<b>-</b>	<b>(9,351,908)</b>
<b>Total Capital Assets</b>					
<b>Net of Accumulated Depreciation</b>	<b>\$ 10,347,465</b>	<b>\$ 458,785</b>	<b>\$ -</b>	<b>\$ (255,955)</b>	<b>\$ 10,550,295</b>

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

**Transfers**

Water, sewer and street improvements that are dedicated to the City of Aurora, City and County of Denver, Xcel, the Urban Drainage, or other entities for perpetual maintenance and ownership are removed from the capital assets at the end of their warranty period. The District has in the past and may in the future enter into agreements with the City of Aurora and the City and County of Denver for the District to perform ongoing maintenance of certain landscaping, streets, and other facilities such as lift stations. The balance of transferred assets, cost of \$255,955, was recorded as expenditures in the Capital Projects fund.

**NOTE 7 - LONG-TERM OBLIGATIONS**

Changes in the District's long-term obligations for the year ended December 31, 2021 were as follows:

G.O. Tax Bonds	12/31/20	Additions	Deletions	12/31/21	Current
Series 2012AB	\$ 9,410,000	\$ -	\$ (40,000)	\$ 9,370,000	\$ 45,000
Series 2013AB	6,860,000	-	(35,000)	6,825,000	35,000
Series 2014AB	6,885,000	-	(155,000)	6,730,000	155,000
Series 2015AB	7,480,000	-	(405,000)	7,075,000	420,000
Series 2017	5,000,000	-	-	5,000,000	-
Series 2020AB	30,560,000	-	(1,850,000)	28,170,000	2,000,000
<b>Total</b>	<b>\$ 66,195,000</b>	<b>\$ -</b>	<b>\$ (2,485,000)</b>	<b>\$ 63,710,000</b>	<b>\$ 2,655,000</b>

**\$5,545,000 General Obligation Limited Tax Refunding Bonds, Series 2012A**

**\$4,190,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2012B, dated June 28, 2012.**

The bonds mature, bear per annum interest, and are priced as shown below. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The bonds maturing on or before December 1, 2022 are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2023 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, on December 1, 2022 or on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium) plus accrued interest to the redemption date. The bonds require mandatory sinking fund payments from 2012 through 2039.

Series 2012A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2012	\$ 20,000	2.000%	2017	\$ 30,000	2.000%
2013	25,000	2.000%	2026	1,475,000	3.750%
2014	25,000	2.000%	2027	1,255,000	4.000%
2015	25,000	2.000%	2028	1,300,000	4.000%
2016	30,000	2.000%	2029	1,360,000	4.000%

Series 2012B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2014	\$ 20,000	1.250%	2027	\$ 745,000	4.000%
2017	30,000	1.800%	2040	2,600,000	4.375%
2026	795,000	3.750%			

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

A portion of the net proceeds of the Series 2012A bonds were used by the District to advance refund a portion of the District's Series 2003 bonds. The Series 2003 bonds were issued in the original aggregate principal amount of \$15,000,000 and prior to the refunding date were outstanding in the principal amount of \$14,140,000.

The advance refunding is to include a portion of the Series 2003 bonds maturing December 1, 2027 and December 1, 2031, and outstanding in the aggregate principal amount of \$6,080,000 (the "Series 2003 Refunded bonds"). The Series 2003 Refunded bonds bear interest rates ranging from 5.000% to 5.375% per annum.

A portion of the net proceeds of the Series 2012B bonds will be used by the District to advance refund a portion of the District's Series 2004 bonds. The Series 2004 bonds were issued in the original aggregate principal amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$12,000,000. The advance refunding is to include a portion of the Series 2004 bonds maturing on December 1, 2027 outstanding in the aggregate principal amount of \$435,000 (the "Series 2004 Refunded bonds"). The Series 2004 Refunded bonds bear interest rates of 5.000% per annum.

Upon issuance of the bonds, a portion of the net proceeds of the bonds were deposited into the escrow account created pursuant to the escrow agreement between the District and U.S. Bank National Association, Denver, Colorado, as escrow agent. The moneys in the escrow account were used to acquire direct, non-callable obligations of, or obligations of the principal of and interest on which are unconditionally guaranteed by the U.S. government obligations, the maturing principal of and interest on which when due, together with cash held in the escrow account were sufficient to pay the accrued interest, maturing principal, and redemption price on the Refunded bonds on December 1, 2012.

Although the advance refunding of the Series 2003 and Series 2004 bonds resulted in the recognition of a refunding loss of \$306,295 for the year ended December 31, 2012, the District in effect reduced its aggregate debt service by \$510,021 over the next 18 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$331,612.

**\$3,375,000 General Obligation Limited Tax Refunding Bonds, Series 2013A**

**\$5,345,000 General Obligation Limited Tax Refunding Bonds, Series 2013B**, dated February 27, 2013. The bonds mature, bear per annum interest, and are priced as shown below. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The bonds maturing on or before December 1, 2022 are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2023 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, on December 1, 2022 or on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium) plus accrued interest to the redemption date. The bonds require mandatory sinking fund payments from 2013 through 2031.

Series 2013A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2013	\$ 35,000	2.000%	2029	\$ 15,000	3.125%
2014	45,000	2.000%	2030	1,420,000	4.000%
2015	40,000	3.000%	2031	1,785,000	4.000%
2016	35,000	3.000%			

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

Series 2013B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2013	\$ 75,000	2.000%	2027	\$ 290,000	3.000%
2014	50,000	2.000%	2028	790,000	3.000%
2015	480,000	3.000%	2029	810,000	3,125%
2016	490,000	3.000%	2030	845,000	4.000%
2017	510,000	3.000%	2031	1,005,000	4.000%

A portion of the net proceeds of the Bonds were used by the District to advance refund a portion of the District's Series 2003 Bonds. The Series 2003 Bonds were issued in the original aggregate amount of \$15,000,000 and prior to the refunding date were outstanding in the principal amount of \$7,970,000. The advance refunding is to include a portion of the Series 2003 Bonds maturing years 2014 to 2016, inclusive, and maturing in year 2031, in the aggregate principal amount of \$5,870,000 (the "Series 2003 Refunded Bonds"). The Series 2003 Refunded Bonds bear interest at rates ranging from 4.100% to 5.000% per annum.

A portion of the net proceeds of the Series 2013B Bonds were used by the District to advance refund a portion of the District's Series 2004 Bonds. The Series 2004 Bonds were issued in the original aggregate amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$10,535,000. The advance refunding is to include a portion of the Series 2004 Bonds maturing years 2015 to 2017, inclusive, and maturing in years 2027 and 2031, in the aggregate principal amount of \$2,600,000 (the "Series 2004 Refunded Bonds"). The Series 2004 Refunded Bonds bear interest at rates ranging from 4.000% to 5.000% per annum.

Although the advance refunding of the Series 2003 and Series 2004 bonds resulted in the recognition of a refunding loss of \$144,572 for the year ended December 31, 2013, the District in effect reduced its aggregate debt service by \$1,369,101 over the next 18 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$1,031,665.

**\$5,985,000 General Obligation Limited Tax Refunding Bonds, Series 2014A**

**\$3,320,000 General Obligation Limited Tax Improvement Bonds, Series 2014B** dated March 5, 2014. The bonds mature, bear per annum interest, and are priced as shown below. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2014. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Bonds mature, bear per annum interest and are priced or priced to yield as follows.

Series 2014A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2015	\$ 670,000	2.000%	2024	\$ 170,000	4.000%
2016	690,000	2.000%	2025	180,000	4.000%
2017	915,000	3.000%	2026	670,000	5.000%
2018	30,000	3.000%	2027	700,000	5.000%
2019	30,000	3.000%	2028	305,000	5.000%
2020	85,000	3.000%	2029	320,000	5.000%
2021	155,000	4.000%	2030	335,000	5.000%
2022	155,000	4.000%	2031	410,000	5.000%
2023	165,000	4.000%			

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

Series 2014B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2032	\$ 300,000	5.000%	2034	\$ 330,000	5.000%
2033	315,000	5.000%	2040	2,375,000	5.000%

A portion of the net proceeds of the Series 2014A Bonds were used to pay and cancel the District's Series 2003 Bonds. The Series 2003 Bonds were issued in the original aggregate principal amount of \$15,000,000 and prior to the refunding date were outstanding in the principal amount of \$2,020,000. The refunding is to include all of the outstanding Series 2003 Bonds. The Series 2003 Refunded Bonds bear interest rates ranging from 4.100% to 5.375% per annum.

A portion of the net proceeds of the Series 2014A Bonds were used to pay and cancel a portion of the District's Series 2004 Bonds. The Series 2004 Bonds were issued in the original aggregate principal amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$6,840,000. The refunding is to include a portion of the Series 2004 Bonds maturing years 2014 to 2027, inclusive, in the aggregate principal amount of \$4,180,000. The Series 2004 Refunded Bonds bear interest at the rate of 5.000% per annum.

The advance refunding of the Series 2003 and Series 2004 bonds resulted in the recognition of a refunding gain of \$192,809 for the year ended December 31, 2014. The District in effect reduced its aggregate debt service by \$412,062 over the next 27 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$503,758.

**\$1,765,000 General Obligation Limited Tax Refunding Bonds, Series 2015A**

**\$7,290,000 General Obligation Limited Tax Refunding Bonds, Series 2015B** dated December 15, 2015. The bonds mature, bear per annum interest, and are priced as shown below. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2016. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Bonds mature, bear per annum interest and are priced or priced to yield as follows:

Series 2015A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2028	\$ 415,000	4.000%	2030	\$ 450,000	4.000%
2029	430,000	4.000%	2031	470,000	4.000%

  

Series 2015B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2016	\$ 60,000	2.000%	2024	\$ 450,000	4.000%
2017	370,000	2.000%	2025	470,000	4.000%
2018	375,000	2.000%	2026	485,000	4.000%
2019	380,000	3.000%	2027	505,000	4.000%
2020	390,000	3.000%	2028	525,000	4.000%
2021	405,000	3.000%	2029	550,000	4.000%
2022	420,000	3.000%	2030	570,000	4.000%
2023	430,000	4.000%	2031	905,000	4.000%

**SAND CREEK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

A portion of the net proceeds of the Series 2015A Bonds were used to pay and cancel the District's Series 2004 Bonds. The Series 2004 Bonds were issued in the original aggregate principal amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$1,870,000. The refunding is to include all of the outstanding Series 2004 Bonds. The Series 2004 Refunded Bonds bear interest at the rate of 4.500% per annum.

A portion of the net proceeds of the Series 2015B Bonds were used to pay and cancel a portion of the District's Series 2006 Bonds. The Series 2006 Bonds were issued in the original aggregate principal amount of \$9,000,000 and prior to the refunding date were outstanding in the principal amount of \$8,380,000. The refunding is to include a portion of the Series 2006 Bonds maturing years 2017 to 2031, inclusive, in the aggregate principal amount of \$7,715,000. The Series 2006 Refunded Bonds bear interest rates ranging from 4.250% to 4.625% per annum.

The advance refunding of the Series 2004 and Series 2006 bonds resulted in the recognition of a refunding gain of \$162,988 for the year ended December 31, 2015. The District in effect reduced its aggregate debt service by \$1,559,602 over the next 16 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$1,231,003.

**\$5,000,000 General Obligation Limited Tax Bonds, Series 2017**, dated November 15, 2017. The bonds, which are rated and insured, consist of \$5,000,000 of term bonds due December 1, 2032 through 2040 which bear interest of 4.0%. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The bonds are subject to redemption prior to maturity, on December 1, 2027, and on any date thereafter, without redemption premium. The bonds require mandatory sinking fund payments from 2032 through 2040.

Series 2017					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2032	\$ 475,000	4.000%	2037	\$ 575,000	4.000%
2033	490,000	4.000%	2038	595,000	4.000%
2034	510,000	4.000%	2039	620,000	4.000%
2035	530,000	4.000%	2040	650,000	4.000%
2036	555,000	4.000%			

**\$10,400,000 General Obligation Limited Tax Refunding Bonds, Series 2020A**

**\$20,160,000 General Obligation Limited Tax Refunding and improvement Bonds, Series 2020B** dated October 20, 2020. The bonds mature, bear per annum interest, and are priced as shown below. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2021. The Series 2020A Bonds are not subject to optional redemption prior to maturity. The Series 2020B Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Bonds mature, bear per annum interest and are priced or priced to yield as follows:

Series 2020A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2021	\$ 1,850,000	2.000%	2024	\$ 2,165,000	4.000%
2022	2,000,000	4.000%	2025	2,305,000	4.000%
2023	2,080,000	4.000%			

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

Series 2020B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2026	\$ 480,000	4.000%	2030	\$ 565,000	4.000%
2027	500,000	4.000%	2031	585,000	4.000%
2028	520,000	4.000%	2035	6,810,000	4.000%
2029	545,000	4.000%	2040	10,155,000	4.000%

A portion of the net proceeds of the Series 2020A Bonds were used to pay and refund a portion of the District's Series 2010A Bonds. The Series 2010A Bonds were issued in the original aggregate principal amount of \$18,200,000 and prior to the refunding date were outstanding in the principal amount of \$12,940,000. The refunding is to include a portion of the Series 2010A Bonds maturing years 2021 to 2040, inclusive, in the aggregate principal amount of \$10,975,000. The Series 2010A Refunded Bonds bear interest rates ranging from 3.750% to 4.125% per annum. The Series 2010A Bonds that matured on December 1, 2020 were not a part of this refunding plan and were paid in full by the District on December 1, 2020.

A portion of the net proceeds of the Series 2020B Bonds were used to pay and refund all of the District's Series 2010B Bonds. The Series 2010B Bonds were issued in the original aggregate principal amount of \$10,845,000 and prior to the refunding date were outstanding in the principal amount of \$10,845,000. The Series 2010B Refunded Bonds bear interest rates ranging from 4.250% to 5.00% per annum.

The advance refunding of the Series 2010A and Series 2010B bonds resulted in the recognition of a refunding gain of \$405,973 for the year ended December 31, 2020. The District in effect reduced its aggregate debt service by \$4,269,709 over the next 20 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$3,624,472.

**Outstanding Issued Bonds**

Total bond principal and interest mature as follows:

Year(s)	Principal	Interest	Total
2022	\$ 2,655,000	\$ 2,592,606	\$ 5,247,606
2023	2,755,000	2,491,069	5,246,069
2024	2,865,000	2,381,331	5,246,331
2025	3,045,000	2,267,194	5,312,194
2026	3,565,000	2,145,919	5,710,919
2027 – 2031	20,940,000	8,452,374	29,392,374
2032 – 2036	14,225,000	4,658,911	18,883,911
2037 – 2040	13,660,000	1,488,343	15,148,343
<b>Total</b>	<b>\$ 63,710,000</b>	<b>\$ 26,477,747</b>	<b>\$ 90,187,747</b>

**Service Plan Debt Limit**

The Service Plan, as amended on August 3, 2020, imposes a separate debt limitation of \$105,000,000 upon the District (excluding costs associated with refundings). As of December 31, 2021, based on debt outstanding, the District will be entitled under the Service Plan to issue \$38,805,000 of additional debt, subject to other restrictions contained in the Service Plan. These restrictions are based upon the ratio of debt to assessed value of the District. The District

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

may, however, amend these restrictions by obtaining an amendment to the Service Plan through the City of Aurora, which historically the District has done.

**Pledged Revenue - All District Bond Issues**

All of the District bonds are secured by Pledged Revenue, which consists of moneys derived by the District from the following sources, after payment of the costs of collection: (a) the District's covenant to levy up to the limited mill levy on all taxable property which is within the District or otherwise responsible for the payment of the bonds to pay the principal of, premium if any, and interest on the bonds, as they become due; (b) the Specific Ownership Tax; and (c) any other legally available funds of the District deposited into the bond account.

**Outstanding and Authorized but Unissued Debt**

The principal amount of authorization remaining after the Series 2020 Bond Election:

Authorized Purposes	Authorization Remaining	
Various Capital Improvements	\$	166,410,951
Refunding		150,078,637
Total	\$	316,489,588

**NOTE 8 – THE DEVELOPER / RELATED PARTY**

The Developer of the property within the District is Gateway Business Park, LLC (the Developer). The Board of Directors of the District are owners or consultants associated with the Developer, and may have conflicts of interest in dealing with the District as well as ownership of other entities related to the development of the project.

The District has contracted with a related entity of the Developer, PaulsCorp, LLC, for construction, management, administrative, and clerical services. During 2021, the District incurred management expenditures related to PaulsCorp, LLC in the amount of \$195,339, which includes \$126,858 of construction management services recorded in the Capital Projects Fund. At December 31, 2021, the District owed PaulsCorp, LLC. \$14,780. This amount is included in the District payables.

**NOTE 9 – REIMBURSEMENTS**

The District assumed the Developer's cost sharing agreements with the City of Aurora for public improvements related to streets and utility improvements for portions of 40th Avenue, 38th Avenue and Tower Road, which are subject to an annexation agreement of land within the District into the City of Aurora.

The District has ongoing cost sharing and reimbursement agreements with the City of Aurora and other entities within and without the District for both maintenance and capital construction projects, reimbursements, and liens on various properties in the District. During 2021, the District did not receive any reimbursements under such agreements.

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 10 - 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 one of approximately 360 special districts, which are members of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by an intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. The Pool provides for liability coverage for claims up to \$2,000,000. Employment related wrongful termination claims are shared 50% with the Pool up to \$200,000. Workers' compensation claims are covered up to statutory limits with claims related to employer's liability up to \$2,000,000. Settled claims have not exceeded this coverage in any of the last three fiscal years.

The District pays annual premiums to the Pool for liability and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from insurance 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 11 – LEASE AGREEMENTS**

**Office Lease**

The District entered into a lease agreement with Gateway Industrial Fifteen, LLC on December 24, 2015 for 22,433 square feet of office space in Aurora, CO ("Leased Premises"). It is a ten year lease commencing on January 1, 2016. The rental payments due in each of the subsequent years remaining in the lease are as follows.

Year(s)	Rental Payment
2022	\$ 93,770
2023	96,462
2024	99,378
2025	102,519
<b>Total</b>	<b>\$ 392,129</b>

**Sublease Agreements**

The District entered into a sublease agreement on December 29, 2015 for 18,832 square feet of the Leased Premises. The sublease is for ten years commencing on January 1, 2016. The rental payments include an amortization of a portion of the leasehold improvements subject to an annual interest rate of 4% per year for the term of the lease.

The District entered into a sublease agreement with PaulsCorp, LLC (related party) on December 29, 2015 for 1,800 square feet of the Leased Premises. The sublease is for ten years commencing on January 1, 2016. The rental payments include an amortization of a portion of the leasehold improvements subject to an annual interest rate of 4% per year for the term of the lease.

The minimum sublease rental payments due in each of the subsequent years remaining in the lease are as follows.

**SAND CREEK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 11 – LEASE AGREEMENTS (CONTINUED)**

Year(s)	Greenways Landscape Services	PaulsCorp	Sublease Rental Payment
2022	\$ 86,323	\$ 12,479	\$ 98,802
2023	88,583	12,695	101,278
2024	91,031	12,929	103,960
2025	93,667	13,181	106,848
<b>Total</b>	<b>\$ 359,604</b>	<b>\$ 51,284</b>	<b>\$ 410,888</b>

**NOTE 12 - 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 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.

By election on November 7, 2000, the voters approved an exemption from the above tax, revenue and spending limitations in 2000 and annually thereafter through and including 2028. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bond debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. For the year ended December 31, 2021, the District calculated the reserve as 3% of total expenditures in the General Fund and the Capital Projects Fund and restricted this amount to comply with 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.

**NOTE 13 – DEFICIT NET POSITION**

The \$(43,798,214) amount referred to as "Total Net Position" shown in the "Statement of Net Position" is the result of the District constructing various potable water, re-use water, sanitary sewer, storm sewer, drainage and roadway improvements and the subsequent transfer of these assets to the City and County of Denver, City of Aurora and other third party entities.

These transfers were made in conformance with the District's Service Plan, Intergovernmental Agreements between the District and the Cities, and with the Cities' Public Improvement policies. The effect of these transfers is to place the responsibility for long-term maintenance, operation, repair and replacement of these assets with the governmental entities which most cost effectively perform these duties thereby reducing the District obligations for the same, while still providing to District taxpayers full use of the transferred facilities.

Since debt was issued to construct the above infrastructure items, the subsequent transfer of these assets to the governmental entities has resulted in the stated balance of \$(43,798,214). The District's remaining Infrastructure Assets are made up primarily of right-of-way landscaping, lakes entry monument and miscellaneous private drives and utilities.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Sand Creek Metropolitan District****Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**

With Comparative Actual Totals for the Year Ended December 31, 2020

Budget vs. Actual - General Fund

**For the Year Ended December 31, 2021**

	Actual 2020	Original and Final Budget 2021	Actual 2021	Variance- Favorable (Unfavorable)
<b>Revenues:</b>				
Property Taxes	\$ 1,406,204	\$ 1,558,641	\$ 1,527,074	\$ (31,567)
Specific Ownership Taxes	98,108	93,519	113,402	19,883
Reimbursements	66,689	328,359	47,727	(280,632)
Office Sub-Lease Revenue	188,464	163,382	195,860	32,478
Miscellaneous	-	5,000	-	(5,000)
Interest	4,081	2,000	16,193	14,193
<b>Total Revenues</b>	<b>1,763,546</b>	<b>2,150,901</b>	<b>1,900,256</b>	<b>(250,645)</b>
<b>Expenditures:</b>				
<b>Operating Expenditures:</b>				
Audit	7,700	7,800	7,800	-
Legal	12,630	15,000	30,589	(15,589)
Management Fees	116,381	100,000	68,481	31,519
Insurance	12,233	13,000	13,030	(30)
County Treasurer Fees	19,735	22,000	21,466	534
Utilities	420,158	411,500	405,343	6,157
Office Lease Expense	218,233	199,500	206,795	(7,295)
Other	24,060	8,150	39,311	(31,161)
Property Tax Rebates	-	64,511	-	64,511
Capital Repairs	254,010	123,000	54,670	68,330
Landscape Maintenance	853,732	787,601	850,969	(63,368)
RTD Lein	-	174,956	-	174,956
<b>Total Expenditures</b>	<b>1,938,872</b>	<b>1,927,018</b>	<b>1,698,454</b>	<b>228,564</b>
Net Changes in Fund Balances	(175,326)	223,883	201,802	(22,081)
Fund Balances, Beginning of Year	1,803,619	1,712,925	1,628,293	(84,632)
<b>Fund Balances, End of Year</b>	<b>\$ 1,628,293</b>	<b>\$ 1,936,808</b>	<b>\$ 1,830,095</b>	<b>\$ (106,713)</b>

## Note to RSI:

The basis of budgeting is the same as GAAP and this schedule is presented on the GAAP basis.

**SUPPLEMENTAL INFORMATION**

**Sand Creek Metropolitan District**

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances  
 With Comparative Actual Totals for the Year Ended December 31, 2020  
 Budget vs. Actual - Debt Fund  
 For the Year Ended December 31, 2021

	Actual 2020	Original Budget 2021	Amended & Final Budget 2021	Actual 2021	Variance- Favorable (Unfavorable)
<b>Revenues:</b>					
Property Taxes	\$ 4,799,826	\$ 5,157,060	\$ 5,028,314	\$ 5,050,289	\$ 21,975
Specific Ownership Taxes	330,019	309,423	342,996	370,247	27,251
Interest	3,821	10,000	-	-	-
<b>Total Revenues</b>	<b>5,133,666</b>	<b>5,476,483</b>	<b>5,371,310</b>	<b>5,420,536</b>	<b>49,226</b>
<b>Expenditures:</b>					
<b>Debt Service:</b>					
County Treasurer Fees	66,250	73,800	69,879	69,879	-
Bank Service Fees	2,647	3,000	1,438	1,438	-
Principal	2,515,000	2,485,000	2,485,000	2,485,000	-
Management Fees	-	6,000	-	-	-
Interest Expense	2,027,878	2,650,508	2,785,511	2,785,510	1
Property Tax Rebates	87,518	94,449	82,370	82,370	-
Miscellaneous	-	-	300	300	-
<b>Total Expenditures</b>	<b>4,699,293</b>	<b>5,312,757</b>	<b>5,424,498</b>	<b>5,424,497</b>	<b>1</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	434,373	163,726	(53,188)	(3,961)	49,227
<b>Other Financing Sources (Uses):</b>					
Bond Proceeds	23,093,119	-	-	-	-
Bond Issue Costs	(468,416)	-	-	-	-
Payment for Refunding of Debt	(22,295,401)	-	-	-	-
Bond Insurance	(383,533)	-	-	-	-
Transfer from (to) Other Funds	-	-	60,000	-	(60,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(54,231)</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>(60,000)</b>
Net Changes in Fund Balances	380,142	163,726	6,812	(3,961)	(10,773)
Fund Balances, Beginning of Year	944,360	1,078,736	1,324,502	1,324,502	-
<b>Fund Balances, End of Year</b>	<b>\$ 1,324,502</b>	<b>\$ 1,242,462</b>	<b>\$ 1,331,314</b>	<b>\$ 1,320,541</b>	<b>\$ (10,773)</b>

**Sand Creek Metropolitan District**

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances

With Comparative Actual Totals for the Year Ended December 31, 2020

Budget vs. Actual - Capital Projects Fund

**For the Year Ended December 31, 2021**

	Actual 2020	Original & Final Budget 2021	Actual 2021	Variance- Favorable (Unfavorable)
<b>Revenues:</b>				
Interest	\$ 6,602	\$ 5,000	\$ 28,048	\$ 23,048
<b>Total Revenues</b>	<b>6,602</b>	<b>5,000</b>	<b>28,048</b>	<b>23,048</b>
<b>Expenditures:</b>				
<b>Capital Outlay:</b>				
Management Fees	115,238	60,750	126,858	(66,108)
Other Contract Services	54,605	121,600	52,051	69,549
Landscape Maintenance	176,510	150,000	77,073	72,927
Construction Costs	1,143,671	3,900,000	754,728	3,145,272
<b>Total Expenditures</b>	<b>1,490,024</b>	<b>4,232,350</b>	<b>1,010,710</b>	<b>3,221,640</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,483,422)	(4,227,350)	(982,662)	3,244,688
<b>Other Financing Sources (Uses):</b>				
Bond Proceeds	12,000,000	-	-	-
<b>Total Other Financing Sources</b>	<b>12,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Changes in Fund Balances	10,516,578	(4,227,350)	(982,662)	3,244,688
Fund Balances, Beginning of Year	1,479,251	12,019,212	11,995,829	(23,383)
<b>Fund Balances, End of Year</b>	<b>\$ 11,995,829</b>	<b>\$ 7,791,862</b>	<b>\$ 11,013,167</b>	<b>\$ 3,221,305</b>