

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**


YEAR ENDED DECEMBER 31, 2021


**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2021**


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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of South Maryland Creek Ranch Metropolitan District (the District) as of and for the year 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of South Maryland Creek Ranch Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 South Maryland Creek Ranch Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 South Maryland Creek Ranch Metropolitan 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 opinion. 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



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generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 South Maryland Creek Ranch Metropolitan 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 South Maryland Creek Ranch Metropolitan 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Maryland Creek Ranch Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information section, as listed in the table of contents, not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Haynie & Company

Littleton, Colorado
September 20, 2022

BASIC FINANCIAL STATEMENTS

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 18,843
Cash and Investments - Restricted	561,194
Receivable from County Treasurer	3,185
Prepaid Expenses	2,550
Property Taxes Receivable	1,087,055
Total Assets	1,672,827
LIABILITIES	
Accounts Payable	16,643
Accrued Interest Payable	59,158
Noncurrent Liabilities:	
Due Within One Year	35,000
Due in More Than One Year	28,148,321
Total Liabilities	28,259,122
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,087,055
Total Deferred Inflows of Resources	1,087,055
NET POSITION	
Restricted For:	
Emergency Reserves	8,000
Unrestricted	(27,681,350)
Total Net Position	\$ (27,673,350)

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General Government	\$ 223,862	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	1,731,911	-	-	-	
Total Governmental Activities	\$ 1,955,773	\$ -	\$ -	\$ -	
GENERAL REVENUES					
				662,596	
				45,175	
				176,690	
				749	
				885,210	
CHANGE IN NET POSITION				(1,070,563)	
				(26,602,787)	
NET POSITION - END OF YEAR				\$ (27,673,350)	

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 18,843	\$ -	\$ 18,843
Cash and Investments - Restricted	8,000	553,194	561,194
Receivable from County Treasurer	950	2,235	3,185
Prepaid Expenses	2,550	-	2,550
Due from Other Funds	47,000	-	47,000
Property Taxes Receivable	324,201	762,854	1,087,055
Total Assets	\$ 401,544	\$ 1,318,283	\$ 1,719,827
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	16,643	-	16,643
Due to Other Funds	-	47,000	47,000
Total Liabilities	16,643	47,000	63,643
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	324,201	762,854	1,087,055
Total Deferred Inflows of Resources	324,201	762,854	1,087,055
FUND BALANCES			
Nonspendable			
Prepaid Expenses	2,550	-	2,550
Restricted For:			
Emergency Reserves	8,000	-	8,000
Debt Service	-	508,429	508,429
Unassigned	50,150	-	50,150
Total Fund Balances	60,700	508,429	569,129
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 401,544	\$ 1,318,283	

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

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

Bonds Payable	(14,705,000)
Accrued Interest on Subordinate Bonds	(640,622)
Accrued Interest on Senior Bonds	(59,158)
Developer Advances Payable	(9,934,252)
Accrued Interest on Developer Advances	(2,903,447)
Net Position of Governmental Activities	\$ (27,673,350)

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 73,617	\$ 588,979	\$ 662,596
Specific Ownership Taxes	13,473	31,702	45,175
Property Taxes - Town IGA	176,690	-	176,690
Interest Income	207	542	749
Total Revenues	263,987	621,223	885,210
EXPENDITURES			
Current:			
Accounting	27,398	-	27,398
Audit	5,400	-	5,400
County Treasurer's Fee	3,684	29,473	33,157
County Treasurer's Fee - Town IGA	8,841	-	8,841
Dues	700	-	700
Insurance	2,549	-	2,549
Legal	7,640	-	7,640
Town IGA Payment	167,635	-	167,635
Miscellaneous	15	-	15
Debt Service:			
Paying Agent Fee	-	6,000	6,000
Bond Interest - Senior Bonds	-	709,893	709,893
Total Expenditures	223,862	745,366	969,228
NET CHANGE IN FUND BALANCES	40,125	(124,143)	(84,018)
Fund Balances - Beginning of Year	20,575	632,572	653,147
FUND BALANCES - END OF YEAR	\$ 60,700	\$ 508,429	\$ 569,129

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2021**

Net Changes in Fund Balances - Total Governmental Funds	\$ (84,018)
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Amounts reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Subordinate Bonds - Change in Liability	(191,897)
Accrued Interest on Developer Advances - Change in Liability	<u>(794,648)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (1,070,563)</u></u>
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**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Property Taxes	\$ 73,742	\$ 73,617	\$ (125)
Specific Ownership Taxes	10,029	13,473	3,444
Property Taxes - Town IGA	176,989	176,690	(299)
Interest Income	-	207	207
Total Revenues	<u>260,760</u>	<u>263,987</u>	<u>3,227</u>
EXPENDITURES			
Current:			
Accounting	22,000	27,398	(5,398)
Audit	5,500	5,400	100
County Treasurer's Fee	3,687	3,684	3
County Treasurer's Fee - Town IGA	8,849	8,841	8
Dues	500	700	(200)
Insurance	3,000	2,549	451
Legal	20,000	7,640	12,360
Miscellaneous	8,842	15	8,827
Town IGA Payment	168,221	167,635	586
Total Expenditures	<u>240,599</u>	<u>223,862</u>	<u>16,737</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,161	40,125	19,964
OTHER FINANCING SOURCES (USES)			
Repay Developer Advance	(9,401)	-	9,401
Total Other Financing Sources (Uses)	<u>(9,401)</u>	<u>-</u>	<u>9,401</u>
NET CHANGE IN FUND BALANCE	10,760	40,125	29,365
Fund Balance - Beginning of Year	<u>13,290</u>	<u>20,575</u>	<u>7,285</u>
FUND BALANCE - END OF YEAR	<u>\$ 24,050</u>	<u>\$ 60,700</u>	<u>\$ 36,650</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 18,843
Cash and Investments - Restricted	561,194
Total Cash and Investments	<u>\$ 580,037</u>

Deposits with Financial Institutions	\$ 33,297
Investments	546,740
Total	<u>\$ 580,037</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District had a bank and a carrying balance of \$33,297.

Investments

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

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

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 546,740

COLOTRUST

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2021	Due Within One Year
Bonds Payable					
General Obligation Bonds:					
Series 2018A	\$ 12,755,000	\$ -	\$ -	\$ 12,755,000	\$ 35,000
Series 2018B	1,950,000	-	-	1,950,000	-
Accrued Interest 2018B Bonds	-	640,622 *	-	640,622	-
Subtotal of Bonds Payable	<u>14,705,000</u>	<u>640,622</u>	<u>-</u>	<u>15,345,622</u>	<u>35,000</u>
Other Debts					
Developer Advance					
- Capital	9,925,088	-	-	9,925,088	-
Accrued Interest on					
Developer Advances					
- Capital	2,108,746	794,007	-	2,902,753	-
Developer Advance					
- Operations	9,164	-	-	9,164	-
Accrued Interest on					
Developer Advances					
- Operations	53	641	-	694	-
Subtotal of Other Debts	<u>12,043,051</u>	<u>794,648</u>	<u>-</u>	<u>12,837,699</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 26,748,051</u>	<u>\$ 1,435,270</u>	<u>\$ -</u>	<u>\$ 28,183,321</u>	<u>\$ 35,000</u>

* \$448,725 (as of 12/31/20) was previously presented as current amount in the statement of net position.

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

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

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

The Series 2018A Bonds are secured by and payable from Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collection: 1) the Required Mill Levy; 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and 3) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Series 2018A Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve of \$546,719, but (i) not in excess of 40 mills (as adjusted), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount of \$1,000,000, not less than 40 mills as adjusted, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Series 2018A Bonds as they come due. As of December 31, 2021, the maximum adjusted Debt Service Mill Levy was 44.531 mills.

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

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

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

The Series 2018B Bonds are secured by and payable from Subordinate Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collection: 1) the Subordinate Required Mill Levy; 2) The Subordinate Capital Fee Revenue, if any; 3) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; 4) the amounts, if any, in the Series 2018A Senior Bond Surplus Fund after the termination of such fund pursuant to the Series 2018A Senior Bond Indenture; and 5) any other legally available monies which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

Subordinate Required Mill Levy means an ad valorem mill levy imposed on all taxable property of the District each year in the amount of 40 mills (as adjusted) less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal and interest on the Series 2018B Bonds. As of December 31, 2021, the maximum adjusted Subordinate Required Mill Levy was 44.531 mills. At this time, the schedule of repayments on the Series 2018B Bonds is unknown and will be made when subordinate pledge revenue is available. The balance of compounded and accrued interest on the Series 2018B Bonds at December 31, 2021 totaled \$640,622.

The District's Series 2018A Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 35,000	\$ 709,893	\$ 744,893
2023	85,000	708,020	793,020
2024	155,000	703,473	858,473
2025	195,000	695,180	890,180
2026	210,000	684,748	894,748
2027-2031	1,340,000	3,236,222	4,576,222
2032-2036	2,045,000	2,802,671	4,847,671
2037-2041	2,935,000	2,137,782	5,072,782
2042-2046	4,155,000	1,182,658	5,337,658
2047	1,600,000	90,000	1,690,000
Total	<u>\$ 12,755,000</u>	<u>\$ 12,950,647</u>	<u>\$ 25,705,647</u>

Debt Authorization

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

At December 31, 2021, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 8, 2016 Election	Authorization Used Series 2018A	Authorization Used Series 2018B	Remaining at December 31, 2021
Water	\$ 22,000,000	\$ (5,382,610)	\$ (822,900)	\$ 15,794,490
Street	22,000,000	(3,163,240)	(483,600)	18,353,160
Safety Protection	22,000,000	(51,020)	(7,800)	21,941,180
Park and Recreation	22,000,000	(12,755)	(1,950)	21,985,295
Sanitation	22,000,000	(4,145,375)	(633,750)	17,220,875
Operations	22,000,000	-	-	22,000,000
Public Transportation	22,000,000	-	-	22,000,000
Refunding	22,000,000	-	-	22,000,000
Total	<u>\$ 176,000,000</u>	<u>\$ (12,755,000)</u>	<u>\$ (1,950,000)</u>	<u>\$ 161,295,000</u>

NOTE 5 NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021 consisting of \$8,000 for Emergency Reserves.

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

NOTE 6 AGREEMENTS

Advance and Reimbursement Agreement

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

As of December 31, 2021, \$9,164 was outstanding with accrued interest of \$694.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Infrastructure Acquisition Agreement

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

As of December 31, 2021, \$9,925,088 was outstanding with accrued interest of \$2,902,753.

Intergovernmental Agreement with the Town of Silverthorne

Under the terms of the Service Plan, and in return for the Town agreeing to accept ownership and maintenance responsibilities of the public improvements, the District is to impose a mill levy, not to exceed 12 mills, subject to adjustment, to help defray the Town's maintenance costs. The adjusted mill levy is currently 13.359 mills.

NOTE 7 RELATED PARTIES

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

NOTE 8 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, workers compensation, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

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

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Property Taxes	\$ 589,977	\$ 588,979	\$ (998)
Specific Ownership Taxes	23,599	31,702	8,103
Interest Income	2,800	542	(2,258)
Total Revenues	<u>616,376</u>	<u>621,223</u>	<u>4,847</u>
EXPENDITURES			
County Treasurer's Fee	29,499	29,473	26
Paying Agent Fee	6,000	6,000	-
Bond Interest - Senior Bonds	709,893	709,893	-
Contingency	4,608	-	4,608
Total Expenditures	<u>750,000</u>	<u>745,366</u>	<u>4,634</u>
NET CHANGE IN FUND BALANCE	(133,624)	(124,143)	9,481
Fund Balance - Beginning of Year	<u>629,565</u>	<u>632,572</u>	<u>3,007</u>
FUND BALANCE - END OF YEAR	<u>\$ 495,941</u>	<u>508,429</u>	<u>\$ 12,488</u>

OTHER INFORMATION

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$12,755,000
General Obligation Bonds
(Limited Tax Convertible to Unlimited Tax)
Series 2018A
Dated April 26, 2018
Interest Rate 5.350% - 5.625%

Bonds and Interest Maturing in the Year Ending December 31,	Interest Due June 1, Principal & Interest Due December 1		
	Principal	Interest	Total
2022	\$ 35,000	\$ 709,893	\$ 744,893
2023	85,000	708,020	793,020
2024	155,000	703,473	858,473
2025	195,000	695,180	890,180
2026	210,000	684,748	894,748
2027	220,000	673,513	893,513
2028	250,000	661,743	911,743
2029	265,000	648,368	913,368
2030	295,000	634,190	929,190
2031	310,000	618,408	928,408
2032	350,000	601,823	951,823
2033	385,000	583,098	968,098
2034	405,000	562,500	967,500
2035	430,000	539,719	969,719
2036	475,000	515,531	990,531
2037	500,000	488,813	988,813
2038	550,000	460,688	1,010,688
2039	580,000	429,750	1,009,750
2040	635,000	397,125	1,032,125
2041	670,000	361,406	1,031,406
2042	725,000	323,719	1,048,719
2043	770,000	282,938	1,052,938
2044	830,000	239,625	1,069,625
2045	880,000	192,938	1,072,938
2046	950,000	143,438	1,093,438
2047	1,600,000	90,000	1,690,000
Total	<u>\$ 12,755,000</u>	<u>\$ 12,950,647</u>	<u>\$ 25,705,647</u>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General/IGA	Debt Service	Levied	Collected	
2018	\$ 3,588,400	63.016	0.000	\$ 226,127	\$ 226,127	100.00 %
2019	8,717,520	18.794	44.222	549,343	521,453	94.92
2020	10,058,270	18.925	44.531	638,258	636,476	99.72
2021	13,248,670	18.925	44.531	840,708	839,286	99.83
Estimated for the Year Ending December 31, 2022	\$ 17,130,870	18.925	44.531	\$ 1,087,055		

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