

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**


YEAR ENDED DECEMBER 31, 2023


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Independent Auditors' Report

To the Board of Directors
South Maryland Creek Ranch Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of South Maryland Creek Ranch Metropolitan District (the District), as of and for the year ended December 31, 2023 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 financial position of the governmental activities and the major funds of South Maryland Creek Ranch Metropolitan District, as of December 31, 2023, 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 Auditors' 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.

Auditors' 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 auditors' 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 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.

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 has 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 it.

Haynie & Company

Littleton, Colorado
September 26, 2024

BASIC FINANCIAL STATEMENTS

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 166,230
Cash and Investments - Restricted	32,381
Prepaid Insurance	2,710
Receivable from County Treasurer	4,623
Property Tax Receivable	1,937,964
Total Assets	2,143,908
LIABILITIES	
Accounts Payable	16,013
Due to Other Districts	3,058
Accrued Interest	212,517
Noncurrent Liabilities:	
Due in More Than One Year	30,339,950
Total Liabilities	30,571,538
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,937,964
Total Deferred Inflows of Resources	1,937,964
NET POSITION	
Restricted for:	
Emergency Reserve	11,200
Unrestricted	(30,376,794)
Total Net Position	\$ (30,365,594)

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses			Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 321,814	\$ -	\$ -	\$ (321,814)
Interest on Long-Term Debt and Related Costs	2,779,715	-	-	(2,779,715)
Total Governmental Activities	\$ 3,101,529	\$ -	\$ -	(3,101,529)
GENERAL REVENUES				
Property Taxes				944,573
Town IGA				251,881
Specific Ownership Taxes				59,371
Interest Income				28,355
Total General Revenues				1,284,180
CHANGES IN NET POSITION				(1,817,349)
Net Position - Beginning of Year				(28,548,245)
NET POSITION - END OF YEAR				\$ (30,365,594)

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Total Governmental Funds
Cash and Investments	\$ 166,230	\$ -	\$ 166,230
Cash and Investments - Restricted	11,200	21,181	32,381
Receivable from County Treasurer	1,379	3,244	4,623
Prepaid Insurance	2,710	-	2,710
Property Tax Receivable	503,474	1,434,490	1,937,964
Total Assets	\$ 684,993	\$ 1,458,915	\$ 2,143,908
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 12,513	\$ 3,500	\$ 16,013
Due to Other Districts	3,058	-	3,058
Total Liabilities	15,571	3,500	19,071
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	503,474	1,434,490	1,937,964
Total Deferred Inflows of Resources	503,474	1,434,490	1,937,964
FUND BALANCES			
Nonspendable:			
Prepaid Expense	2,710	-	2,710
Restricted for:			
Emergency Reserves	11,200	-	11,200
Debt Service	-	20,925	20,925
Unassigned	152,038	-	152,038
Total Fund Balances	165,948	20,925	186,873
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 684,993	\$ 1,458,915	

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.

Accrued Interest	(212,517)
Bonds Payable	(23,355,000)
Unamortized Bond Discount	196,377
Developer Advance Payable	(7,181,327)

Net Position of Governmental Activities	\$ (30,365,594)
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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, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 104,951	\$ 839,622	\$ -	\$ 944,573
Town IGA	251,881	-	-	251,881
Specific Ownership Taxes	17,706	41,665	-	59,371
Interest Income	247	28,108	-	28,355
Total Revenues	374,785	909,395	-	1,284,180
EXPENDITURES				
Current:				
Accounting	36,352	-	-	36,352
Auditing	6,400	-	-	6,400
Banking Fees	-	158	-	158
County Treasurer's Fee	5,188	41,499	-	46,687
County Treasurer's Fee - Town IGA	12,450	-	-	12,450
Dues And Membership	545	-	-	545
Town - O&M Payment	239,432	-	-	239,432
Insurance	2,607	-	-	2,607
Legal	18,840	-	-	18,840
Debt Service:				
Bond Interest	-	354,010	-	354,010
Refunding Escrow	-	16,418,544	-	16,418,544
Bond Issue Costs	-	565,245	-	565,245
Paying Agent Fees	-	4,523	-	4,523
Total Expenditures	321,814	17,383,979	-	17,705,793
OTHER FINANCING SOURCES (USES)				
Bond Discount	-	(196,377)	-	(196,377)
Bond Issuance Proceeds	-	23,355,000	-	23,355,000
Repay Developer Advance	-	-	(2,743,761)	(2,743,761)
Developer Advance - Interest Expense	-	-	(4,456,853)	(4,456,853)
Transfers In (Out)	-	(7,200,614)	7,200,614	-
Total Other Financing Sources	-	15,958,009	-	15,958,009
NET CHANGE IN FUND BALANCES	52,971	(516,575)	-	(463,604)
Fund Balances - Beginning of Year	112,977	537,500	-	650,477
FUND BALANCES - END OF YEAR	<u>\$ 165,948</u>	<u>\$ 20,925</u>	<u>\$ -</u>	<u>\$ 186,873</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (463,604)

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

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Discount	196,377
Bond Issuance	(23,355,000)
Refunding of Series 2018A	12,720,000
Refunding of Series 2018B	1,950,000
Repay Developer Advance	2,743,761

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 Payable - Change in Liability	694,357
Accrued Interest Payable Developer Advance - Change in Liability	<u>3,696,760</u>

Changes in Net Position of Governmental Activities \$ (1,817,349)

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 103,673	\$ 104,951	\$ 104,951	\$ -
Town IGA	248,814	251,881	251,881	-
Specific Ownership Taxes	14,099	17,706	17,706	-
Interest Income	2,414	245	247	2
Total Revenues	<u>369,000</u>	<u>374,783</u>	<u>374,785</u>	<u>2</u>
EXPENDITURES				
Accounting	28,000	36,352	36,352	-
Auditing	6,400	6,400	6,400	-
County Treasurer's Fee	5,184	5,188	5,188	-
County Treasurer's Fee - Town IGA	12,441	12,450	12,450	-
Dues And Membership	1,000	545	545	-
Election	1,000	-	-	-
Insurance	3,000	2,607	2,607	-
Legal	15,000	18,840	18,840	-
Miscellaneous	11,602	8,187	-	8,187
Town - O&M Payment	236,373	239,431	239,432	(1)
Total Expenditures	<u>320,000</u>	<u>330,000</u>	<u>321,814</u>	<u>8,186</u>
NET CHANGE IN FUND BALANCE	49,000	44,783	52,971	8,188
Fund Balance - Beginning of Year	<u>108,684</u>	<u>112,977</u>	<u>112,977</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 157,684</u>	<u>\$ 157,760</u>	<u>\$ 165,948</u>	<u>\$ 8,188</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023**

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.

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

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2023 in the General Fund, the Debt Service Fund and the Capital Projects Fund.

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 assets 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, 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, 2023**

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, 2023**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 166,230
Cash and Investments - Restricted	32,381
Total Cash and Investments	<u>\$ 198,611</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 198,611
Total Cash and Investments	<u>\$ 198,611</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, 2023, the District had a bank and a carrying balance of \$198,611.

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, 2023**

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, 2023, the District had no investments.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
General Obligation Bonds					
Series 2018A	\$ 12,720,000	\$ -	\$ 12,720,000	\$ -	\$ -
Series 2023A	-	22,485,000	-	22,485,000	-
Subordinate Limited Tax Supported Revenue Bonds					
Series 2018B	1,950,000	-	1,950,000	-	-
Series 2023 B Subordinate Bond Payable	-	870,000	-	870,000	-
Accrued Interest					
Series 2018B	847,872	272,040	1,119,912	-	-
Subtotal Bonds Payable	<u>15,517,872</u>	<u>23,627,040</u>	<u>15,789,912</u>	<u>23,355,000</u>	<u>-</u>
Other Debts:					
Developer Advance - Capital	9,925,088	-	2,743,761	7,181,327	-
Accrued Interest on:					
Developer Advance - Capital	3,696,760	760,093	4,456,853	-	-
Subtotal Other Debts	<u>13,621,848</u>	<u>760,093</u>	<u>7,200,614</u>	<u>7,181,327</u>	<u>-</u>
Bond Premium/Discount:					
Bond Discount - Series 2023A	-	(196,377)	-	(196,377)	-
Subtotal Bond Premium / Discount	<u>-</u>	<u>(196,377)</u>	<u>-</u>	<u>(196,377)</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 29,139,720</u>	<u>\$ 24,190,756</u>	<u>\$ 22,990,526</u>	<u>\$ 30,339,950</u>	<u>\$ -</u>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$22,485,000 Series 2023A General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds

On October 24, 2023, the District issued \$22,485,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Series 2023A Refunding and Improvement Bonds (the Series 2023A Bonds). The Series 2023A Bonds were issued for the purposes of refunding or reimbursing the costs of public improvements for the District, paying the costs of issuing the Series 2023A Bonds and funding the reserves and capitalized interest on the Series 2023A Bonds. The Series 2023A Bonds bear interest at a rate of 5.000%-5.125%, 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 2023A 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 2023A 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 2023A Bonds as they come due. As of December 31, 2023, the maximum adjusted Debt Service Mill Levy was 45.401 mills.

\$870,000 Series 2023B Subordinate General Obligation (Limited Tax) Bonds

On December 28th, the District issued \$870,000 Subordinate General Obligation (Limited Tax) Series 2023B Bonds (the Series 2023B Bonds). The Series 2023B 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 2023B Bonds. The Series 2023B Bonds bear interest at a rate of 7.875%, payable to the extent of Subordinate Pledged Revenue available therefor on each December 15, commencing on December 15, 2023 and shall mature on December 15, 2045.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

**\$870,000 Series 2023B Subordinate General Obligation (Limited Tax) Bonds
(Continued)**

The Series 2023B 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 2023A Senior Bond Surplus Fund after the termination of such fund pursuant to the Series 2023A Senior Bond Indenture; and 5) any other legally available monies which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy means an ad valorem mill levy imposed on all taxable property of the District each year in the amount of 40 mills (as adjusted) less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal and interest on the Series 2023B Bonds. As of December 31, 2023, the maximum adjusted Subordinate Required Mill Levy was 45.401 mills.

The District's Series 2023A Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,255,905	\$ 1,255,905
2025	110,000	1,138,856	1,248,856
2026	145,000	1,133,356	1,278,356
2027	155,000	1,126,106	1,281,106
2028	180,000	1,118,356	1,298,356
2029-2033	1,240,000	5,435,281	6,675,281
2034-2038	1,975,000	5,056,281	7,031,281
2039-2043	2,885,000	4,475,781	7,360,781
2044-2048	4,110,000	3,638,531	7,748,531
2049-2053	5,670,000	2,450,263	8,120,263
2054-2057	6,015,000	792,581	6,807,581
Total	<u>\$ 22,485,000</u>	<u>\$ 27,621,299</u>	<u>\$ 50,106,299</u>

The District's Series 2023B Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	-	66,038	66,038
2025	-	68,513	68,513
2026	-	68,513	68,513
2027	-	68,513	68,513
2028	-	68,513	68,513
2029-2033	-	342,563	342,563
2034-2038	-	342,563	342,563
2039-2043	-	342,563	342,563
2044-2045	870,000	137,025	1,007,025
Total	<u>\$ 870,000</u>	<u>\$ 1,504,801</u>	<u>\$ 2,374,801</u>

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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 45.401 mills.

At December 31, 2022, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Amount Authorized on November 8, 2016 Election	Authorization Used		Authorized But Unused
		Series 2018A Bonds	Series 2018B Bonds	
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
Debt Refunding	22,000,000	-	-	22,000,000
Public Transportation	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, 2023 consisting of \$11,200 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.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, there was no outstanding balance.

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, 2023, \$7,181,327 was outstanding.

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 13.620 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.

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 RISK MANAGEMENT

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

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 829,399	\$ 839,622	\$ 839,622	\$ -
Specific Ownership Taxes	33,176	41,665	41,665	-
Interest Income	10,425	28,107	28,108	1
Total Revenues	873,000	909,394	909,395	1
EXPENDITURES				
Banking Fees	-	158	158	-
County Treasurer's Fee	41,470	41,499	41,499	-
Paying Agent Fees	6,000	4,523	4,523	-
Refunding Escrow	-	16,418,544	16,418,544	-
Bond Interest	708,020	354,010	354,010	-
Bond Principal	85,000	-	-	-
Bond Issue Costs	-	565,245	565,245	-
Contingency	2,510	9,644	-	9,644
Total Expenditures	843,000	17,393,623	17,383,979	9,644
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	23,355,000	23,355,000	-
Bond Discount	-	(196,377)	(196,377)	-
Transfers To Other Fund	-	(7,200,614)	(7,200,614)	-
Total Other Financing Sources	-	15,958,009	15,958,009	-
NET CHANGE IN FUND BALANCE	30,000	(526,220)	(516,575)	9,645
Fund Balance - Beginning of Year	537,501	537,501	537,500	(1)
FUND BALANCE - END OF YEAR	\$ 567,501	\$ 11,281	\$ 20,925	\$ 9,644

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Repay Developer Advance	-	(2,743,761)	(2,743,761)	-
Developer Advance - Interest Expense	-	(4,456,853)	(4,456,853)	-
Transfers From Other Funds	-	7,200,614	7,200,614	-
Total Other Financing Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

Bonds/Loans and Interest Maturing in the Year Ending December 31,	\$22,458,000 General Obligation Limited Tax (convertible to unlimited tax) Refunding and Improvement Bonds Interest Rate Varying from 5.00% - 5.125% Series 2023A Dated October 24, 2023 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2024	\$ -	\$ 1,255,905	\$ 1,255,905
2025	110,000	1,138,856	1,248,856
2026	145,000	1,133,356	1,278,356
2027	155,000	1,126,106	1,281,106
2028	180,000	1,118,356	1,298,356
2029	195,000	1,109,356	1,304,356
2030	230,000	1,099,606	1,329,606
2031	240,000	1,088,106	1,328,106
2032	280,000	1,076,106	1,356,106
2033	295,000	1,062,106	1,357,106
2034	335,000	1,047,356	1,382,356
2035	350,000	1,030,606	1,380,606
2036	400,000	1,013,106	1,413,106
2037	420,000	993,106	1,413,106
2038	470,000	972,106	1,442,106
2039	490,000	948,606	1,438,606
2040	540,000	924,106	1,464,106
2041	570,000	897,106	1,467,106
2042	625,000	868,606	1,493,606
2043	660,000	837,356	1,497,356
2044	720,000	804,356	1,524,356
2045	755,000	768,356	1,523,356
2046	825,000	730,606	1,555,606
2047	870,000	689,356	1,559,356
2048	940,000	645,856	1,585,856
2049	985,000	598,856	1,583,856
2050	1,070,000	548,375	1,618,375
2051	1,125,000	493,538	1,618,538
2052	1,215,000	435,881	1,650,881
2053	1,275,000	373,613	1,648,613
2054	1,380,000	308,269	1,688,269
2055	1,450,000	237,544	1,687,544
2056	1,555,000	163,231	1,718,231
2057	1,630,000	83,538	1,713,538
Total	\$ 22,485,000	\$ 27,621,299	\$ 50,106,299

**SOUTH MARYLAND CREEK RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended <u>December 31,</u>	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2018/2019	\$ 8,717,520	0.0%	18.794	44.222		\$ 549,343	\$ 521,453	94.92 %
2019/2020	10,058,270	15.4%	18.925	44.531	63.456	638,258	636,476	99.72 %
2020/2021	13,248,670	31.7%	18.925	44.531	63.456	840,708	839,286	99.83 %
2021/2022	17,130,870	29.3%	18.925	44.531	63.456	1,087,056	1,100,434	101.23 %
2022/2023	18,268,300	6.6%	19.295	45.401	64.696	1,181,886	1,196,454	101.23 %
Estimated for Year Ending December 31, 2024	\$ 29,249,630	60.1%	17.213	49.043	66.256	1,937,964		

Note:
Property taxes collected in any one year include collection of delinquent property taxes levied in

Source: Summit County Assessor and Treasurer.