

**SMPG Metropolitan District No. 1
Weld County, Colorado**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS
December 31, 2020**

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Board of Directors and Management
SMPG Metropolitan District No. 1

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of SMPG Metropolitan District No. 1 as of and for the year ended December 31, 2020 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 the major funds of SMPG Metropolitan District No. 1, as of December 31, 2020 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 audit 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 the SMPG Metropolitan District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the SMPG Metropolitan District No. 1's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 the SMPG Metropolitan District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SMPG Metropolitan District No. 1's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

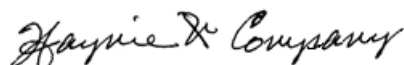
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SMPG Metropolitan District No. 1's financial statements as a whole. The supplementary information section, Summary of Assessed Valuations, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Sincerely,



Littleton, Colorado

July 12, 2021

BASIC FINANCIAL STATEMENTS

SMPG METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 10,530,391
Prepaid expenses	2,913
Due from county	23,048
Property taxes receivable	13
Capital assets, net of depreciation	218,384
Total assets	<u>10,774,749</u>
 LIABILITIES	
Accounts payable	50,403
Total liabilities	<u>50,403</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenues	13
Total deferred inflows of resources	<u>13</u>
 NET POSITION	
Net investment in capital assets	218,384
Restricted for:	
Emergency reserves	45,493
Unrestricted	10,460,456
Total net position	<u>10,724,333</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,774,749</u>

SMPG METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 78,243	\$ 6,544,802	\$ -	\$ -	\$ 6,466,559
	<u>\$ 78,243</u>	<u>\$ 6,544,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,466,559</u>
General revenues:					
Property taxes					13
Investment earnings					26,413
Total general revenues					<u>26,426</u>
Change in net position					6,492,985
Net position - Beginning					4,231,348
Net position - Ending					<u>\$ 10,724,333</u>

SMPG METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	\$2,518,295	\$ 8,012,096	\$ 10,530,391
Property taxes receivable	13	-	13
Due from county	23,048	-	23,048
Prepaid expenses	2,913	-	2,913
TOTAL ASSETS	\$2,544,269	\$8,012,096	\$ 10,556,365
LIABILITIES			
Accounts payable	\$ 50,403	\$ -	\$ 50,403
Total liabilities	50,403	-	50,403
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	13	-	13
Total liabilities & deferred inflows	50,416	-	50,416
FUND BALANCES			
Nonspendable:			
Prepaid expenses	2,913	-	2,913
Restricted for:			
Emergency reserves (TABOR)	45,493	-	45,493
Unassigned	2,445,447	8,012,096	10,457,543
Total fund balances	2,493,853	8,012,096	10,505,949
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$2,544,269	\$8,012,096	

**SMPG METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Service fees-SMPG No. 2	\$ 1,510,316	\$ 5,034,386	\$ 6,544,702
Service fees-SMPG No. 3-6	23	77	100
Property tax revenue	3	10	13
Interest and other income	6,095	20,318	26,413
Total revenues	<u>1,516,437</u>	<u>5,054,791</u>	<u>6,571,228</u>
EXPENDITURES			
Accounting	17,280	-	17,280
Audit	10,800	-	10,800
District administration & management	22,800	-	22,800
Elections	1,297	-	1,297
Legal	19,191	-	19,191
Insurance and bonds	2,913	-	2,913
Other	3,962	-	3,962
Capital outlay	-	218,384	218,384
	<u>78,243</u>	<u>218,384</u>	<u>296,627</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,438,194</u>	<u>4,836,407</u>	<u>6,274,601</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,438,194	4,836,407	6,274,601
FUND BALANCES - BEGINNING OF YEAR	<u>1,055,659</u>	<u>3,175,689</u>	<u>4,231,348</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,493,853</u>	<u>\$ 8,012,096</u>	<u>\$ 10,505,949</u>

**SMPG METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

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

Net changes in fund balances - Total governmental funds	\$ 6,274,601
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure; however, the Statement of Activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. In addition, in the Statement of Activities, conveyance of assets to the Water and Sewer Fund or other governmental entities is reported as an expense.

Capital outlay	<u>218,384</u>
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Change in net position of governmental activities	<u><u>\$ 6,492,985</u></u>
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SMPG METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>General Fund (Negative)</u>
REVENUES				
Property taxes	\$ 3	\$ 3	\$ 3	\$ -
Service fees	1,518,820	1,518,820	1,510,339	(8,481)
Interest income & other	-	-	6,095	6,095
Total revenues	<u>1,518,823</u>	<u>1,518,823</u>	<u>1,516,437</u>	<u>(2,386)</u>
EXPENDITURES				
Accounting	13,200	17,280	17,280	-
Audit	10,800	10,800	10,800	-
District administration & management	12,000	22,560	22,800	(240)
Election	1,500	1,297	1,297	-
Engineering	1,000	1,000	-	1,000
Insurance & risk management	3,251	2,913	2,913	-
Legal	7,500	18,000	19,191	(1,191)
Office, dues and other	3,501	3,501	3,962	(461)
Contingency	20,000	10,000	-	10,000
Total expenditures	<u>72,752</u>	<u>87,351</u>	<u>78,243</u>	<u>9,108</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>1,446,071</u>	<u>1,431,472</u>	<u>1,438,194</u>	<u>6,722</u>
NET CHANGE IN FUND BALANCE	1,446,071	1,431,472	1,438,194	<u>\$ 6,722</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,018,160</u>	<u>1,018,186</u>	<u>1,055,659</u>	
FUND BALANCE - END OF YEAR	<u>\$ 2,464,231</u>	<u>\$ 2,449,658</u>	<u>\$ 2,493,853</u>	

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - DEFINITION OF REPORTING ENTITY

SMPG Metropolitan District No. 1 (District), a quasi-municipal corporation, was organized in 2004, is governed pursuant the Colorado Special District Act (§32-1-101, et al, C.R.S.). The District operates under a service plan initially approved by the Town of Berthoud on September 14, 2004, which was subsequently amended and approved by the Town on April 26, 2005. The District's service area is located in Weld County, Colorado. In April 2021, the District changed their name to Turion Metropolitan District No. 1.

The District was established to finance public infrastructure required by the development and to provide ongoing governmental structure for the operations and maintenance of public improvements and facilities. The District is a Service District organized in conjunction with five other related Districts –SMPG Metropolitan Districts No. 2-6. SMPG Metropolitan District No. 1 serves as the Service District which is responsible for managing the construction and operation of facilities and improvements needed for SMPG Districts Nos. 2-6 (Financing Districts) which are responsible for providing the tax base needed to support the financing of public infrastructure required by 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 has no employees and all operations and administrative functions are contracted.

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

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. For the most part, the effect of interfund activity has been removed from these statements. These financial statements include all of the activities of the District.

Governmental activities are normally supported by property taxes collected. Both statements distinguish between governmental activities, which normally are supported by taxes and business-type activities, which rely to a significant extent on fees and charges for support.

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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. 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 paid.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities and is included with the general fund in the financial statements.

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

The District's cash and investments include cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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 funds' average equity balance in the total cash.

Property Taxes

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

Property taxes are considered fully collectible and are recorded initially as deferred inflows of resources in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the year ended December 31, 2020 are comprised of property taxes due from Weld County that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets, which are anticipated to be conveyed to other governmental entities, are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds

Fund Equity

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 policy to use the most restrictive classification first.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS

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 equal to 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.

At December 31, 2020, the District had a bank balance of \$21,633 which was FDIC Insured.

Investments

The District has adopted a formal investment policy on November 10, 2017 and 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 disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

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

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

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

* Local government investment pools

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
COLOTRUST	Weighted average under 60 days	\$ 10,508,783

INVESTMENTS

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

NOTE 4 – CAPITAL ASSETS

The following is an analysis of changes in capital assets for the year ended December 31, 2020:

	<u>Balance - December 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance - December 31, 2020</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 218,384	\$ -	\$ 218,384
Total Capital Assets, Not Being Depreciated	-	218,384	-	218,384
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 218,384</u>	<u>\$ -</u>	<u>\$ 218,384</u>

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5- NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and are reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. As of December 31, 2020, the District had a net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 218,384
Net investment in Capital Assets:	<u>\$ 218,384</u>

Restricted net position includes 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. As of December 31, 2020, the District had restricted net position for emergency reserves in the amount of \$45,493.

The District's unrestricted net position as of December 31, 2020 totaled \$10,460,456.

NOTE 6 – RELATED PARTIES

The Developer of the property is Front Range Investment Holdings, LLC. The directors are not associated with Front Range except each director is under contract to purchase an interest in a small parcel of property from Front Range, located in each district to qualify the directors as eligible electors on the Board of Directors.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's 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, public official's liability and workers compensation 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.

SMPG METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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 Revenue (excluding bond proceeds). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2020, the District had \$45,493 restricted for emergencies.

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

NOTE 9 – RISKS AND UNCERTANITIES

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the District's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. However, the District believes it will be able to continue operations under current governmental guidelines while mitigating the impact as much as possible to minimize losses.

SUPPLEMENTAL INFORMATION

**SMPG METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ -	\$ 10	\$ 10
Service fees	5,062,735	5,034,463	(28,272)
Interest and other income	-	20,318	20,318
Total revenues	<u>5,062,735</u>	<u>5,054,791</u>	<u>(7,944)</u>
EXPENDITURES			
Capital outlay	8,311,821	218,384	8,093,437
	<u>8,311,821</u>	<u>218,384</u>	<u>8,093,437</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,249,086)</u>	<u>4,836,407</u>	<u>8,085,493</u>
NET CHANGE IN FUND BALANCE	(3,249,086)	4,836,407	<u>\$ 8,085,493</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,249,086</u>	<u>3,175,689</u>	
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 8,012,096</u>	

**SMPG METROPOLITAN DISTRICT NO. 1
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt Service	Levied	Collected	
2011	\$ 570	0.000	0.000	\$ -	\$ -	0.00%
2012	\$ 680	0.000	0.000	\$ -	\$ -	0.00%
2013	\$ 140	0.000	0.000	\$ -	\$ -	0.00%
2014	\$ 170	0.000	0.000	\$ -	\$ -	0.00%
2015	\$ 9,220	0.000	0.000	\$ -	\$ -	0.00%
2016	\$ 210	0.000	0.000	\$ -	\$ -	0.00%
2017	\$ 210	0.000	0.000	\$ -	\$ -	0.00%
2018	\$ 240	15.000	50.000	\$ 16	\$ 279	100.00%
2019	\$ 240	15.000	50.000	\$ 16	\$ 17	100.00%
2020	\$ 200	15.000	50.000	\$ 13	\$ 13	100.00%
Estimated for the year ending December 31, 2021	\$ 200	15.000	50.000	\$ 13		