

**SHORES ON PLUM CREEK
METROPOLITAN DISTRICT NO. 1
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021**

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
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Board of Directors
The Shores on Plum Creek Metropolitan District No. 1
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Shores on Plum Creek Metropolitan District No. 1 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Shores on Plum Creek Metropolitan District No. 1 as of December 31, 2021, and the respective changes in financial position and the respective 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The other information, as listed in the table of contents, 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 them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 29, 2022

BASIC FINANCIAL STATEMENTS

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 5,719,602
Cash and Investments - Restricted	118,182
Intergovernmental Receivable	15,812
Property Taxes Receivable	1
Prepaid Expense	5,597
Capital Assets, Net of Accumulated Depreciation	1,044,703
Total Assets	6,903,897
LIABILITIES	
Accounts Payable	\$ 226,348
Due to County Treasurer	149
Total Liabilities	226,497
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes Revenue	1
Total Deferred Inflows of Resources	1
NET POSITION	
Restricted for:	
Emergency Reserves	118,182
Unrestricted	6,559,217
Total Net Position	\$ 6,677,399

See accompanying Notes to Basic Financial Statements.

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net Revenues (Expenses) and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Governmental Activities	
Primary Government:					
Government Activities:					
General Government	\$ 513,890	\$ -	\$ -	\$ -	\$ (513,890)
Total Governmental Activities	\$ 513,890	\$ -	\$ -	\$ -	(513,890)
GENERAL REVENUES					
Property Taxes					1
Operating Grants and Revenue					3,939,407
Total General Revenues					3,939,408
CHANGE IN NET POSITION					
					3,425,518
Net Position - Beginning of Year					3,251,881
NET POSITION - END OF YEAR					
					\$ 6,677,399

See accompanying Notes to Basic Financial Statements.

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Capital Projects	Total Government Funds
ASSETS			
Cash and Investments	\$ 5,786,914	\$ 50,870	\$ 5,837,784
Intergovernmental Receivable	15,812	-	15,812
Property Taxes Receivable	1	-	1
Prepaid Expense	5,597	-	5,597
Total Assets	\$ 5,808,324	\$ 50,870	\$ 5,859,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 175,478	\$ 50,870	\$ 226,348
Due to County Treasurer	149	-	149
Total Liabilities	175,627	50,870	226,497
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes Revenue	1	-	1
Total Deferred Inflows of Resources	1	-	1
FUND BALANCES			
Nonspendable for:			
Prepaid Expenses	5,597	-	5,597
Restricted for:			
Emergency Reserves	118,182	-	118,182
Unassigned	5,508,917	-	5,508,917
Total Fund Balances	5,632,696	-	5,632,696
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,808,324	\$ 50,870	\$ 5,859,194
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.			
Construction in Progress			1,044,703
Net Position of Governmental Activities			\$ 6,677,399

See accompanying Notes to Basic Financial Statements.

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1	\$ -	\$ 1
Service Fees from Other Districts	3,939,407	-	3,939,407
Total Revenues	3,939,408	-	3,939,408
EXPENDITURES			
Accounting	25,837	-	25,837
Auditing	16,500	-	16,500
Dues, Office, and Other	1,802	-	1,802
Insurance and Bonds	92,350	-	92,350
District Management	20,719	-	20,719
Legal Services	43,972	-	43,972
Engineering	133,966	-	133,966
Engineering	-	178,744	178,744
Capital Outlay	-	993,703	993,703
Total Expenditures	335,146	1,172,447	1,507,593
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,604,262	(1,172,447)	2,431,815
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(1,172,447)	-	(1,172,447)
Transfers from Other Funds	-	1,172,447	1,172,447
Total Other Financing Sources	(1,172,447)	1,172,447	-
NET CHANGE IN FUND BALANCES	2,431,815	-	2,431,815
Fund Balances - Beginning of Year	3,200,881	-	3,200,881
FUND BALANCES - END OF YEAR	\$ 5,632,696	\$ -	\$ 5,632,696

See accompanying Notes to Basic Financial Statements.

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ 2,431,815
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Amounts reported for governmental activities in the statement of activities are different because:

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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year	<u>993,703</u>
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Changes in Net Position of Governmental Activities	<u><u>\$ 3,425,518</u></u>
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**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1	\$ 1	\$ -
Other Revenue	101,000	-	(101,000)
Service Fees District No. 2	11,654	11,543	(111)
Service Fees District No. 3	157	155	(2)
Service Fees District No. 4	2,434,440	2,411,577	(22,863)
Service Fees District No. 5	1	(149)	(150)
Service Fees District No. 6	13,174	13,082	(92)
Service Fees District No. 7	1,348	1,335	(13)
Service Fees District No. 8	1,509,760	1,495,522	(14,238)
Service Fees District No. 10	6,403	6,342	(61)
Total Revenues	<u>4,077,938</u>	<u>3,939,408</u>	<u>(138,530)</u>
EXPENDITURES			
Accounting	33,660	25,837	7,823
Auditing	22,500	16,500	6,000
Dues, Office, and Other	4,000	1,802	2,198
Insurance and Bonds	8,500	92,350	(83,850)
District Management	33,960	20,719	13,241
Legal Services	40,000	43,972	(3,972)
Organization Costs	100,000	-	100,000
Engineering	15,000	133,966	(118,966)
Consulting Expense	102,000	-	102,000
Property Closing Support	720	-	720
Contingency	5,000	-	5,000
Total Expenditures	<u>365,340</u>	<u>335,146</u>	<u>30,194</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,712,598	3,604,262	(108,336)
OTHER FINANCING USES			
Transfers to Other Funds	(6,650,000)	(1,172,447)	5,477,553
Total Other Financing Uses	<u>(6,650,000)</u>	<u>(1,172,447)</u>	<u>5,477,553</u>
NET CHANGES IN FUND BALANCES	(2,937,402)	2,431,815	5,369,217
Fund Balance - Beginning of Year	<u>3,088,360</u>	<u>3,200,881</u>	<u>112,521</u>
FUND BALANCE - END OF YEAR	<u>\$ 150,958</u>	<u>\$ 5,632,696</u>	<u>\$ 5,481,738</u>

See accompanying Notes to Basic Financial Statements.

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

The Shores on Plum Creek Metropolitan District Nos. 1-5 were organized pursuant to Orders of the Weld County District Court following an election in May 2018, later amended to include Nos. 6-10 (collectively, the Districts), at which time a majority of the eligible electors voted in favor of the formation of the Districts, elected members to the initial board of directors and voted in favor of certain tax and debt authorization. Pursuant to the Service Plan for The Shores on Plum Creek Metropolitan District Nos. 1-10, as amended (the Service Plan) initially approved on March 27, 2018 and amended on December 11, 2018 by the Town of Frederick (the Town), the Districts have the ability to construct and finance major public improvements as well as additional amenities, including but not limited to park and recreation, landscaping, water, drainage, wastewater, and road improvements within their boundaries. The Shores on Plum Creek Metropolitan District No. 1 (District No. 1) is considered the operating district with the purpose of provided a part or all of the public improvements for the benefit of the taxpayers of the Districts. District No. 1 works in conjunction with Districts No. 2-10 to finance, construct, operate, and maintain the public improvements.

Shores on Plum Creek Metropolitan District No. 1 (the District or District No. 1) is a quasi-municipal governmental entity governed by an elected Board of Directors with the power to impose property taxes and other fees and charges for services within its boundaries and is an independent unit of local government, separate and distinct from the Town, within which the District is located.

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 government 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 intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 fund:

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

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 accounts for the resources accumulated and payments made for principal and interest.

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

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 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.

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 inflows 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 Inflow 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 amounts become available.

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
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.

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
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	\$ 5,719,602
Cash and Investments - Restricted	<u>118,182</u>
Total Cash and Investments	<u><u>\$ 5,837,784</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 5,837,784
Total Cash and Investments	<u><u>\$ 5,837,784</u></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 carrying balance of \$5,837,784.

Investments

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

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

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

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

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- . 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 no investments.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021
Capital Assets, not Being Depreciated:				
Construction in Progress	\$ -	\$ 993,703	\$ -	\$ 993,703
Easement	51,000	-	-	51,000
 Total Capital Assets, not Being Depreciated	 \$ 51,000	 \$ 993,703	 \$ -	 \$ 1,044,703

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 - AGREEMENTS

Funding and Reimbursement Agreement (Operations and Maintenance Costs)

On May 30, 2019, the District along with District Nos. 2-8 and District No. 10 (collectively, the Contracting Districts) entered into an Amended and Restated Funding and Reimbursement Agreement (Agreement) which superseded and replaced the Funding and Reimbursement Agreement dated June 4, 2018, with the prior development company Farfrumwurkin, LLLP. The Contracting Districts agreed to reimburse the Developer for operations and maintenance advances which had been, or were to be, made on behalf of the Contracting Districts by the issuance of a promissory note in a principal amount not to exceed \$5,000,000. The advances do not constitute multiple fiscal year financial obligations of the Contracting Districts and are not subject to annual appropriation by the Contracting Districts. The advances bear interest at a rate of 2% plus the current Federal Reserve Board Prime Rate per annum from the date of the advance. The advances are to be repaid using any legally available revenues. As of December 31, 2021, no advances were outstanding.

Intergovernmental Cooperation Agreement with the Town of Frederick

On October 8, 2019, the District entered into an Intergovernmental Agreement with the Town of Frederick (the Town) regarding Water Supplies and Water Resources. The Parties agree to cooperate on investigating and developing a detailed, yet flexible plan on how to cooperate on the optimization of the collection Water owned and leased between the Parties and/or may be acquired by a Party or by the Parties (the Plan).

Property Tax Advancement Due County

During 2020, the County authorized an advance on property taxes due District No. 4 of \$132,425 in accordance with state legislation in response to the COVID-19 pandemic. The District assumed the obligation as all property tax payments were transferred from District No. 4. The amount was repaid to the County during 2022.

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 RELATED PARTY

All of the Board of Directors are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

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 natural disasters.

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 general and automobile liability, public officials, auto physical damage and worker's compensation coverage. In the event aggregate 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 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. On May 8, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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. As of December 31, 2021, the District has not provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 1, which provides for the required reserve amount.

SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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 and qualification as an Enterprise will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
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 Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Paying Agent Fees	3,000	-	3,000
Bond Interest	300,000	-	300,000
Total Expenditures	<u>303,000</u>	<u>-</u>	<u>303,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(303,000)	-	(303,000)
OTHER FINANCING SOURCES			
Transfers from Other Funds	1,330,000	-	1,330,000
Total Other Financing Sources	<u>1,330,000</u>	<u>-</u>	<u>1,330,000</u>
NET CHANGES IN FUND BALANCES	1,027,000	-	1,027,000
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,027,000</u>	<u>\$ -</u>	<u>\$ 1,027,000</u>

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Bond Proceeds	\$ 16,000,000	\$ -	\$ (16,000,000)
Total Revenues	16,000,000	-	(16,000,000)
EXPENDITURES			
Engineering	25,000	178,744	(153,744)
Capital Outlay	20,700,000	993,703	19,706,297
District Management	25,000	-	25,000
Legal Services	25,000	-	25,000
Special Counsel/Special Projects	45,000	-	45,000
Bond Issue Costs	500,000	-	500,000
Total Expenditures	21,320,000	1,172,447	20,147,553
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,320,000)	(1,172,447)	(4,147,553)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	6,650,000	1,172,447	5,477,553
Transfer to Other Funds	(1,330,000)	-	(1,330,000)
Total Other Financing Sources (Uses)	5,320,000	1,172,447	4,147,553
NET CHANGES IN FUND BALANCES	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

OTHER INFORMATION

**SHORES ON PLUM CREEK METROPOLITAN DISTRICT NO. 1
 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		Percent Collected to Levied
			Levied	Collected	
2019	\$ 10	50.000	\$ 1	\$ 1	100%
2020	10	50.000	1	1	100
2021	10	50.000	1	1	100
Estimated for the Year Ending December 31, 2022	\$ 10	50.000	\$ 1		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years.