

SILVER DOLLAR METROPOLITAN DISTRICT

—
FINANCIAL STATEMENTS

December 31, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	I-II
---	-------------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Position	1
Statement of Revenues, Expenditures, and Changes in Fund Balances/ Statement of Activities	3
General Fund - Statement of Revenues, Expenditures, And Changes in Fund Balance – Budget and Actual	5
Notes to Financial Statements.....	6-15

Supplemental Information

Debt Service Fund - Schedule of Revenues, Expenditures, And Changes in Fund Balance – Budget and Actual	16
--	----

Independent Auditors' Report

Board of Directors
Silver Dollar Metropolitan District
Gilpin County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Silver Dollar Metropolitan District (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Silver Dollar Metropolitan District as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

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 opinion on the basic financial statements is 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the introductory and statistical sections but does not include the basic financial statements and our auditor's report there on. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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.

Simmons & Wheeler P.C.

Englewood, CO
May 23, 2022

Silver Dollar Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 1,236,389	\$ -	\$ 1,236,389	\$ -	\$ 1,236,389
Cash and investments - restricted	56,186	1,044,691	1,100,877	-	1,100,877
Receivable - County Treasurer	15,782	41,180	56,962	-	56,962
Receivable - device fees	-	6,448	6,448	-	6,448
Property tax receivable	-	1,193,926	1,193,926	-	1,193,926
Prepaid expenses	1,238	-	1,238	-	1,238
Capital assets	-	-	-	12,885,754	12,885,754
	<u>1,309,595</u>	<u>2,286,245</u>	<u>3,595,840</u>	<u>12,885,754</u>	<u>16,481,594</u>
DEFERRED OUTFLOWS OF RESOURCES					
Cost of debt refunding	-	-	-	968,423	968,423
Total Deferred Outflows of Resources	-	-	-	968,423	968,423
Total Assets and Deferred Outflows of Resources	<u>\$ 1,309,595</u>	<u>\$ 2,286,245</u>	<u>\$ 3,595,840</u>		
LIABILITIES					
Accrued interest on bonds	\$ -	\$ -	\$ -	37,374	37,374
Long-term liabilities:					
Due within one year	-	-	-	1,305,000	1,305,000
Due in more than one year	-	-	-	12,140,000	12,140,000
Total Liabilities	-	-	-	13,482,374	13,482,374
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	-	1,193,926	1,193,926	-	1,193,926
Total Deferred Inflows of Resources	-	1,193,926	1,193,926	-	1,193,926
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	1,238	-	1,238	(1,238)	-
Restricted:					
Emergencies	56,186	-	56,186	(56,186)	-
Debt service	-	1,092,319	1,092,319	(1,092,319)	-
Unassigned	1,252,171	-	1,252,171	(1,252,171)	-
Total Fund Balances	<u>1,309,595</u>	<u>1,092,319</u>	<u>2,401,914</u>	<u>(2,401,914)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,309,595</u>	<u>\$ 2,286,245</u>	<u>\$ 3,595,840</u>		
Net Position:					
Net investment in capital assets				(559,246)	(559,246)
Restricted for:					
Emergencies				56,186	56,186
Debt service				1,054,945	1,054,945
Unrestricted				<u>2,221,832</u>	<u>2,221,832</u>
Total Net Position				<u>\$ 2,773,717</u>	<u>\$ 2,773,717</u>

The notes to the financial statements are an integral part of these statements.

Silver Dollar Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Ambulance funding	\$ 187,325	\$ -	\$ 187,325	\$ -	\$ 187,325
Bus recruit, mgmt and devel costs	450,320	-	450,320	-	450,320
Website costs	61,725	-	61,725	-	61,725
Marketing	127,200	-	127,200	-	127,200
Access project	14,330	-	14,330	-	14,330
Repair and maintenance	24,704	-	24,704	-	24,704
Accounting	11,837	-	11,837	-	11,837
Auditing	6,500	-	6,500	-	6,500
Management fees	80,041	-	80,041	-	80,041
Insurance	6,383	-	6,383	-	6,383
Legal	4,949	-	4,949	-	4,949
Treasurer's fees	14,580	38,063	52,643	-	52,643
Miscellaneous	8,010	-	8,010	-	8,010
Bond principal	-	1,265,000	1,265,000	(1,265,000)	-
Bond interest expense	-	490,681	490,681	199,373	690,054
Total Expenditures	997,904	1,793,744	2,791,648	(1,065,627)	1,726,021
GENERAL REVENUES					
Property taxes	493,971	1,289,542	1,783,513	-	1,783,513
Specific ownership taxes	36,616	95,592	132,208	-	132,208
Interest income	703	3,046	3,749	-	3,749
Device fees	-	435,573	435,573	-	435,573
Transfer from Black Hawk BID	731,120	-	731,120	-	731,120
Reimbursed expenses	26,850	-	26,850	-	26,850
Total General Revenues	1,289,260	1,823,753	3,113,013	-	3,113,013
NET CHANGES IN FUND BALANCES	291,356	30,009	321,365	(321,365)	
CHANGE IN NET POSITION				1,386,992	1,386,992
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	1,018,239	1,062,310	2,080,549	(693,824)	1,386,725
END OF YEAR	\$ 1,309,595	\$ 1,092,319	\$ 2,401,914	\$ 371,803	\$ 2,773,717

The notes to the financial statements are an integral part of these statements.

Silver Dollar Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 494,378	\$ 493,971	\$ (407)
Specific ownership taxes	28,000	36,616	8,616
Interest income	-	703	703
Transfer from Blackhawk BID	1,321,630	731,120	(590,510)
Reimbursed expenses	28,850	26,850	(2,000)
Total Revenues	1,872,858	1,289,260	(583,598)
EXPENDITURES			
Ambulance funding	200,374	187,325	13,049
Bus recruit, mgmt and devel costs	2,924,704	450,320	2,474,384
Engineering	10,000	-	10,000
Website costs	62,000	61,725	275
Marketing	-	127,200	(127,200)
Access project	-	14,330	(14,330)
Repair and maintenance	26,850	24,704	2,146
Accounting	10,000	11,837	(1,837)
Auditing	6,500	6,500	-
Management fees	80,041	80,041	-
Insurance	4,500	6,383	(1,883)
Legal	20,000	4,949	15,051
Treasurer's fees	14,831	14,580	251
Miscellaneous	4,010	8,010	(4,000)
Contingency	100,000	-	100,000
Total Expenditures	3,463,810	997,904	2,465,906
NET CHANGE IN FUND BALANCE	(1,590,952)	291,356	1,882,308
FUND BALANCE:			
BEGINNING OF YEAR	1,756,688	1,018,239	(738,449)
END OF YEAR	\$ 165,736	\$ 1,309,595	\$ 1,143,859

The notes to the financial statements are an integral part of these statements.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Silver Dollar Metropolitan District (“The District”) conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District, a quasi-municipal corporation, was organized on December 1, 2000 and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located within the City of Black Hawk, Gilpin County, Colorado. The District was established to provide street, safety, telephone and television relay and translation communication improvements, services and programs for alternative access, highway lighting and communication corridor improvements for the District. Pursuant to an amendment to the service plan the District also has the authority to provide ambulance services.

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

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

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. Property taxes are recognized as revenues in the year for which they are levied.

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 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 period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. 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 above criteria.

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.

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.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The District follows the practice of pooling cash 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 and Equipment

Property and equipment are stated at cost except for those assets contributed which are stated at estimated fair market value at the date of contribution or at the Developer's cost. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Depreciation has been provided over the estimated useful lives of 20 years using the straight-line method.

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 assess the property tax obligation of 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 at the taxpayers election, in equal installments in February and June.

Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally 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 revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Reserved Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 2 - CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 1,236,389
Restricted investments	1,100,877
	<hr/>
	\$ 2,337,266

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

Deposits with financial institutions	\$ 1,017,081
Investments - COLOTRUST	1,320,185
	<hr/>
	\$ 2,337,266

Deposits

Custodial Credit Risk

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

While the District does not have a formal policy for deposits, as of December 31, 2021, none of the District's deposits in the amount of \$1,017,081 were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District has not adopted a formal investment policy, however the District follows state statutes regarding investments. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money market funds, and local government pools.

Custodial And Concentration Of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2021, the District had \$1,320,185 invested in COLOTRUST.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 3 – CAPITAL ASSETS

Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
Capital assets not being depreciated:				
Land and buildings	\$ 12,885,754	\$ -	\$ -	\$ 12,885,754
Total capital assets not being depreciated	<u>12,885,754</u>	<u>-</u>	<u>-</u>	<u>12,885,754</u>
Government type assets, net	<u>\$ 12,885,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,885,754</u>

NOTE 4 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations as of December 31, 2021:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>	<u>Current Portion</u>
General Obligation Loans	\$ 14,710,000	\$ -	\$ 1,265,000	\$ 13,445,000	\$ 1,305,000
	<u>\$ 14,710,000</u>	<u>\$ -</u>	<u>\$ 1,265,000</u>	<u>\$ 13,445,000</u>	<u>\$ 1,305,000</u>

\$7,505,000 2013 A General Obligation Refunding Loan and \$15,545,000 2013 B (convertible to tax exempt) General Obligation Refunding Loan, with interest at 3.29% payable to Compass Mortgage Corporation, its successors and assigns dated June 28, 2013. Interest is payable June 1 and December 1 of each year and principal is payable each December 1 of each commencing December 1, 2013. The District has the option to prepay the loans in whole or in part on any interest payment date prior to June 2023 at par plus accrued interest as well as a yield maintenance fee. After December 1, 2023 the District may prepay the loan without penalty or premium. The proceeds of the loan were used to refund the District's 2004 General Obligation Bonds.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default as defined in the Series 2013 Loan Agreement include 1) the District fails to pay or cause to be paid when due any principal of, prepayment penalty, if any, or interest on the Loans; or , 2) the District fails to observe or perform any other of the material covenants, agreements, duties or conditions on the part of the District in this Agreement, or the other Financing Documents to which it is a party and such failure is not remedied to the satisfaction of the Lender within 30 days after the District receives written notice from the Lender of the occurrence of such failure, and 3) (i) the District shall commence any case, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding or other action of a nature referred to in clause (i) above and the same shall remain undismissed; or (iii) there shall be commenced against the District any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; or (iv) the District shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the District shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due. Remedies available in the Event of Default include 1) imposing the 2013A Default Rate on the 2013A Loan Balance and imposing the 2013B Default Rate on the 2013B Loan Balance; apply all amounts on deposit in the Loan Payment Fund and the Reserve Fund to the unpaid principal of the Loans and all interest accrued and unpaid thereon, and to all other amounts owing or payable to the Lender hereunder or under any other Financing Document, in any order of priority determined by the Lender; 2) suit for judgment, and 3) other suits

Advance Refunding of Debt

The Series 2013 Loan was issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt payments of the Series 2004 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,048,902. This amount is recorded as a deferred outflow and is being amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the remaining life of the old debt at the time of the refunding by \$1,021,617 and resulted in an economic gain of \$748,469.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

The District’s long-term debt obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1,305,000	448,484	1,753,484
2023	1,350,000	404,953	1,754,953
2024	1,390,000	360,908	1,750,908
2025	1,440,000	313,555	1,753,555
2026	1,490,000	265,521	1,755,521
2027-2030	6,470,000	548,672	7,018,672
	<u>\$ 13,445,000</u>	<u>\$ 2,342,093</u>	<u>\$ 15,787,093</u>

NOTE 5 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to 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, 2021. 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 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 6 – RELATED PARTY

All members of the Board of Directors are business/property owners or employees or management of owners within the District and therefore may have conflicts of interest in dealing with the District.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 7 – DEVICE FEE

The District adopted a resolution effective January 1, 2002 imposing a device fee on gaming devices used within the District’s boundaries. The fee is to be paid on all gaming devices for which the State has issued a device tax stamp. The rate per device per year charged for 2021 varied. The fee has been imposed to aid in the payment of the 2013 A General Obligation Refunding Loan and the 2013B (convertible to tax exempt) General Obligation Refunding Loan,

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.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

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.

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

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.

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.

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

On November 7, 2000 a majority of the District's electors authorized the District to increase taxes \$500,000 annually and by the same amount adjusted for inflation plus annual local growth in each year as may be necessary to pay the District's operations, maintenance and other expenses. Such taxes are to consist of a mill levy at a rate of up to 5 mills. The voters also authorized the District to collect, spend or retain in a reserve \$500,000 in the year 2000 and each year thereafter, and any additional amounts derived by the District in the year 2001 and thereafter from state and local government grants, specific ownership taxes, rates, fees, tolls and other such charges derived from any District facilities.

The voters also approved the District to increase debt by \$15,000,000 with a repayment cost of not more than \$60,000,000 and increase taxes by \$20,000,000 annually as necessary to pay the District's debt. The purpose of the authorization is for the acquisition, construction, installation and completion of a system of street improvements.

Additional debt authorization in the amount of \$150,000,000 with repayment costs of \$600,000,000 was approved by the electors of the District for the purpose of refunding, paying or defeasing bonds, notes or other financial obligations of the District.

NOTE 9 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND FINANCIAL STATEMENTS

Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets – net of accumulated depreciation	\$ 12,885,754
Cost of debt refunding	\$ 968,423

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. Cost of debt refunding is reflected on the Statement of Net Position.

Bonds and bond interest payable	\$ 13,482,374
---------------------------------	---------------

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

SILVER DOLLAR METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 9 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide statement of activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest expense	\$ 199,373
Principal	\$(1,265,000)

Governmental funds report capital outlay and issue cost as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation and amortization expense. The government funds record interest when paid. The adjustment in interest expense reflects the reversal of the accrued interest at December 31, 2021, the accrual of interest at December 31, 2021 and the amortization of the cost of debt refunding. Principal payments are reflected as a reduction in long-term debt on the Statement of Net Position.

SUPPLEMENTAL INFORMATION

Silver Dollar Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,290,635	\$ 1,289,542	\$ (1,093)
Specific ownership taxes	60,000	95,592	35,592
Interest income	18,000	3,046	(14,954)
Device fees	430,170	435,573	5,403
Transfer from Black Hawk BID	-	-	-
Total Revenues	1,798,805	1,823,753	24,948
EXPENDITURES			
Bond principal	1,265,000	1,265,000	-
Bond interest expense	490,681	490,681	-
Paying agent fees	3,000	-	3,000
Treasurer's fees	40,000	38,063	1,937
Total Expenditures	1,798,681	1,793,744	4,937
NET CHANGE IN FUND BALANCE	124	30,009	29,885
FUND BALANCE:			
BEGINNING OF YEAR	1,025,298	1,062,310	37,012
END OF YEAR	\$ 1,025,422	\$ 1,092,319	\$ 66,897

The notes to the financial statements are an integral part of these statements.