

STONE CREEK METROPOLITAN DISTRICT

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December 23, 2021

recording@douglas.co.us

Douglas County
Board of County Commissioners
100 Third Street
Castle Rock, Co 80104

RE: Stone Creek Metropolitan District
2020 Annual Report

Town Officials:

Attached is the 2020 Annual Report for Stone Creek Metropolitan District.

Please acknowledge receipt of the information and documents by signing this letter below and returning to this office via email to apadilla@sdmsi.com.

Sincerely,

Alysia Padilla
Assistant to Peggy Ripko
District Manager

Enclosure

cc: McGeady Becher P.C. – Jenny Pino
State Auditor’s Office
Department of Local of Government

The above reference information and documents were received this ____ day of December, 2021.

Douglas County

By: _____

STONE CREEK METROPOLITAN DISTRICT

2020 ANNUAL REPORT

As required by Section XII of the Service Plan for Stone Creek Metropolitan District (the “District”), approved by Douglas County, Colorado, on September 23, 2014, the following annual report of the activities of the District from January 1, 2020 to December 31, 2020 is hereby submitted:

I. Description of Districts - General Information

a. Board members, officers’ titles, and terms as of December 31, 2020:

Patrick L. Lyng, President, Term-May, 2022

Peter J. Klymkow, Treasurer, Term: May, 2023

Eric Kubly, Assistant Secretary, Term: May, 2022

Mauricio “Morris” Barbera, Assistant Secretary, Term: May, 2023

b. Changes in board membership in past year:

Shawnee Williams resigned as Director, effective February 18, 2020. At the February 26, 2020 meeting, Peggy Ripko was appointed Secretary to the Board of Directors. Peter J. Klymkow and Mauricio “Morris” Barbera were reelected to the Board of Directors at the May 5, 2020 election, extending their terms until May 2023.

c. Name and address for official District contact:

**Stone Creek Metropolitan District
Special District Management Services, Inc.
141 Union Boulevard, #150
Lakewood, CO 80228
303-987-0835
Peggy Ripko, District Manager
pripko@sdmsi.com**

d. Elections held in the past year and their purpose: **The May 5, 2020 Regular Directors’ Election was cancelled as there were not more candidates than vacant seats on the Board of Directors.**

II. Boundary changes for the report year and proposed changes for the coming year.
None.

III. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service arrangements:

- a. Contracts for operations, debt, and other contractual obligations with sub- districts or operating and taxing districts: **Please see Clubhouse Agreement, as described and defined below in section III b 6.**
- b. Reimbursement agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District:

1. **Effective as of December 15, 2014, the District entered into a 2014-2015 Operation Funding Agreement, as amended at various times, most recently with the Sixth Amendment dated November 18, 2020 (the "OFA") with Choke Cherry Investors, LLC (the "Developer"). The OFA is the Agreement under which the District and the Developer set forth the respective rights, obligations and procedures under which the Developer will advance funds for operation and maintenance costs and the District will reimburse the Developer for advances made under the terms of the OFA.**

2. **Facilities Acquisition Agreement by and between the District and Choke Cherry Investors, LLC, dated August 4, 2016 ("Facilities Acquisition Agreement"). The Facilities Acquisition Agreement is the Agreement under which the District and the Developer set forth the respective rights, obligations and procedures under which the Developer will be reimbursed for Organization Expenses, the District will acquire certain Developer constructed improvements and the District will reimburse the Developer for certain Construction Costs, as defined in the Facilities Acquisition Agreement.**

3. **On March 6, 2018, the District, the Developer, Richmond American Homes of Colorado, Inc. ("Richmond"), Taylor Morrison of Colorado, Inc. ("Taylor Morrison"), KB Home Colorado, Inc. ("KB", and collectively with Richmond and Taylor Morrison, the "Builders") and First American Title Insurance Company ("Title Company") entered into an Offsite Improvements Agreement (Stone Creek Ranch Filing No. 1) ("Offsite Improvements Agreement"). Concurrently with the execution of the Offsite Improvements Agreement, Richmond, Taylor Morrison and KB, each respectively entered into separate Agreements for Sale and Purchase of Real Estate with the Developer to purchase certain lots ("Lots") within the District boundaries (collectively referred to as the "Sale Agreements"). For purposes of the Offsite Improvements Agreement, all tracts, public streets, private streets and other property or property rights required with respect to the Improvements necessary for the Builders to obtain building permits and certificates of occupancy for the Units constructed on the Lots are defined as the "Project". Developer, pursuant to the Sale Agreements, agreed to cause the construction and completion of all improvements necessary for the**

issuance of building permits, and following construction of Units (as defined in the Offsite Improvements Agreement) on the Lots, certificates of occupancy, with each Builder paying specific costs towards same as such costs are set forth in the Offsite Improvements Agreement and with Developer being responsible for all additional costs and charges related thereto. The Builders and Developer agreed to engage the District to complete certain improvements at the Project that are deemed “public” improvements as approved by the third-party District engineer for qualified reimbursements (collectively, the “District Improvements”) upon the terms set forth in the Offsite Improvements Agreement. The District agreed to engage the Developer to manage the construction of the District Improvements pursuant to a Construction Management Agreement dated February 14, 2018 (the “Construction Management Agreement”). The Builders agreed to engage the Developer to complete the remainder of the improvements at the Project that are not District Improvements (the “Developer Improvements”) upon the terms and conditions set forth in the Offsite Improvements Agreement that are otherwise applicable to the completion of and payment for the District Improvements. On September 19, 2018, the parties entered into a First Amendment to Offsite Improvement Agreement to address the disbursement of certain funds and to clarify certain items set forth in the Offsite Improvement Agreement.

4. On March 6, 2018, the District, the Developer, Richmond, Taylor Morrison, KB and Title Company entered into a Developer Escrow Agreement (“Developer Escrow Agreement”). Pursuant to the Developer Escrow Agreement, as District Improvements are completed, the District shall requisition funds from the proceeds of the Bonds and use such funds to reimburse the Developer for any public improvements paid for by the Builders pursuant to the terms of the FAA. The Developer Escrow Agreement sets forth the parameters under which Title Company shall hold and administer the Escrowed Funds (as defined in the Developer Escrow Agreement) in an account in the Developer Escrow Agreement to pay for any Cost Overruns associated with the District Improvements, Developer Improvements or the Builder Improvements, as more particularly set forth in the Developer Escrow Agreement.

5. On March 6, 2018, the District, the Developer, Richmond, Taylor Morrison, KB and the Title Company entered into an Amenity Center Escrow Agreement (“ACEA”). The ACEA sets forth the terms under which a portion of the Bond Proceeds will fund certain escrows for the benefit of the property within the District boundaries and the Builders, including payment of the costs to build the Amenity Center. The Title Company shall hold and administer the Escrowed Funds (as defined in the ACEA) to pay the costs of constructing the Amenity Center, as more particularly set forth in the ACEA.

6. On November 19, 2019, the Board approved the Clubhouse Funding, Construction, and Operations Agreement by and among the District, Choke Cherry Investors, LLC, Cielo Metropolitan District, and Forestar (USA) Real Estate Group Inc. (“Clubhouse Agreement”). The Clubhouse Agreement sets forth the rights, obligations, and procedures for the construction of a public clubhouse, swimming pool, and related public improvements, and the cost sharing agreement relative to the operation and maintenance of said improvements.

IV. Service Plan

a. List and description of services authorized in Service Plan:

- (a) **Water;**
- (b) **Storm Sewer;**
- (c) **Sanitation and Wastewater Treatment;**
- (d) **Street Improvements;**
- (e) **Safety Protection;**
- (f) **Parks and Recreation;**
- (g) **Mosquito Control;**
- (h) **Covenant Enforcement and Design Review; and**
- (i) **Security Services**

b. List and description of facilities authorized in Service Plan:

Water: The District shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for potable water and irrigation water facilities and systems, including, but not limited to, water rights, water supply, treatment, storage, transmission, and distribution systems for domestic, irrigation, fire control, and other public purposes, together with all necessary and proper reservoirs, treatment facilities, wells, equipment, and appurtenances incident thereto, which may include, but shall not be limited to, transmission lines, pipes, distribution mains and laterals, storage facilities, and ditches, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. The District shall have the power and authority to contract with other private or governmental entities to provide any or all of the services the District is authorized or empowered to provide.

Storm Sewer: The District shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for flood and surface drainage improvements, including, but not limited to, culverts, dams, retaining walls, access way inlets, detention and retention ponds, paving, roadside swales, curbs and gutters, disposal works and facilities, water quality facilities, and all necessary and proper equipment, with all necessary

and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto.

Sanitation and Wastewater Treatment: The District shall have the power and authority to finance, design, construct, acquire, install, maintain, assess tap or other facility fees, and provide for sanitary sewers and to transport wastewater to an appropriate wastewater treatment facility, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto.

Street Improvements: The District shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for arterial and collector streets and roadway improvements including, but not limited to, bridges, curbs, gutters, culverts, storm sewers and drainage facilities, detention and retention ponds, retaining walls and appurtenances, sidewalks, paving, lighting, grading, landscaping, streetscaping, placement of underground utilities, snow removal, tunnels, and other street improvements, and architectural enhancements to any or all of the above, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. It is anticipated that following acceptance by the County, the County will own, operate and maintain the street improvements.

Safety Protection: The District shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for safety protection through traffic control devices and safety controls on streets, as well as such other facilities and improvements as are necessary or prudent, including, but not limited to, signalization at intersections, traffic signs, area identification signs, directional assistance and driver information signs, with all necessary and incidental and appurtenant facilities, and land and easements, together with extensions and improvements thereto. All traffic and safety control devices will be consistent with and in compliance with County rules and regulations.

Parks and Recreation: The District shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for public park and public recreation centers and other recreation facilities, services, or programs including, but not limited to, grading, soil preparation, sprinkler systems, fencing, pavilions, playgrounds, playing fields, open space, bike trails, pedestrian trails, pedestrian bridges, picnic areas, common area landscaping, streetscaping, storage buildings and facilities, weed control, paving, decorative paving, outdoor functional and decorative lighting, community events, and other services, programs and facilities, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. It is anticipated that the

park and recreation improvements will be owned, operated, and maintained by the District.

Mosquito Control: The District shall have the power and authority to finance, design, construct, acquire, install, operate, maintain, and provide for systems and methods for elimination and control of mosquitoes.

Covenant Enforcement and Design Review: The District shall have the power and authority to provide covenant enforcement and design review services subject to the limitations set forth in C.R.S. § 32-1-1004(8), as amended.

Security Services: The District shall have the power and authority to provide security services within the boundaries of the District, subject to the limitations set forth in C.R.S. § 32-1-1004(7), as amended. In no way is this power and authority intended to limit or supplant the responsibility and authority of local law enforcement (i.e., the Douglas County Sheriff's Department) within the boundaries of the District.

- c. List and description of any extraterritorial services, facilities, and agreements:
None.

V. Development Progress

- a. Indicate the estimated year of build-out, as set forth in the Service Plan: **The Service Plan projects that the development would attain build-out in the year 2020, however, the Developer currently anticipates that build-out will occur in 2022.**
- b. List the services provided with the date service began compared to the date authorized by the Service Plan: **The District is currently providing covenant enforcement services.**
- c. List changes made to the Service Plan, including when the change was authorized, when it was implemented or is expected to be implemented: **Not Applicable.**
- d. List facilities to be acquired or constructed or leased back as set forth in the Service Plan and compare the date of completion or operation with the date authorized by the Service Plan: **No facilities as set forth in the service plan have been acquired or constructed or leased back to date.**
- e. List facilities not completed. Indicate the reason for incompleteness and provide a revised schedule, if any: **Construction is in progress, to date the District has completed streets, sidewalks, lights, parks and curbs.**

- f. List facilities currently under construction with the percentage complete and an anticipated date of completion: **The District has completed streets, sidewalks, and curbs with regard to construction of facilities. Pool and clubhouse facilities are currently under construction and are anticipated to be acquired by the District by the end of 2021.**
- g. Indicate the population of the District for the previous five (5) years and provide population projections for the next five (5) years: **The District has had a population of zero (0) up until 2019. During the report year the number of residents has increased to two hundred forty-four (244). It is estimated that in the next year population of 329 is projected and the estimated population at build-out is eight hundred twenty-three (823) residents (based upon an estimated 2.5 persons per residence). Below is the status of the villages at Stone Creek:**
- Village A, KB Homes, 105 sold, 103 occupied
- Village B, Richmond, 93 sold, 27 occupied
- Village C, TM, 51 sold, 51 occupied
- Village D, Richmond, 74 sold, 63 occupied
- h. List the planned number of housing units by type and the number of commercial and industrial properties with respective square footage and anticipated dates of completion/operation. Compare the completed units and completed commercial and industrial properties to the amount planned in the Service Plan: **It is anticipated that the District will include three hundred twenty-nine (329) residential units and zero (0) square feet of commercial space.**
- i. List any enterprises created by and/or operated by or on behalf of the District, and summarize the purpose of each: **Not Applicable.**

VI. Financial Plan and Financial Activities

- a. Provide a copy of the audit or exemption from the audit for the reporting year: **The 2020 Audit is attached hereto as Exhibit A.**
- b. Provide a copy of the budget, showing the reporting and previous years: **The 2021 Budget is attached hereto as Exhibit B and incorporated herein by reference.**
- c. Show revenues and expenditures of the District for the previous five (5) years and provide projections for the next five (5) years. Include any non-District or non-governmental financial support. Include and list individually all fees, rates, tolls, etc., with a summary of the purpose of each. Show other miscellaneous tax revenue, such as specific ownership taxes. For the same period, show actual and projected mill levies by purpose (showing mill levies for each individual general obligation, revenue-based obligation, or contractual obligation): **Information**

regarding the revenues and expenditures of the District can be found in the 2020 Audit (attached as Exhibit A), and 2021 Budget (attached as Exhibit B) to this Annual Report.

- d. List all debt that has been issued, including all individual issuances with a schedule of service until the debt is retired: **This information can be found in the 2020 Audit (Exhibit A). The Series 2018B bonds are cash flow bonds and do not have a debt service schedule but will be repaid as funds are available.**
- e. List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued: **This information can be found in the 2020 Audit (attached as Exhibit A).**
- f. List the total amount of debt issued and outstanding as of the date of the annual report and compare to the maximum authorized debt level as set forth in the Service Plan: **The District's total amount of General Obligation Debt outstanding is \$9,470,000.00 for the Series 2018A and B Bonds. No new debt was issued in 2020. The maximum authorized debt limit under the Service Plan is \$18,000,000.**
- g. Enterprises of the District
 - i. Include revenues of the enterprise, showing both direct support from the District and all other sources: **Not Applicable.**
 - ii. Include expenses of the enterprise, showing both direct payments to the District and all other obligations: **Not Applicable.**
- h. Detail contractual obligations
 - i. Describe the type of obligation, current year dollar amount, and any changes in the payment schedule, e.g. balloon payments: **Not applicable.**
 - ii. Report any inability of the District to pay current obligations that are due within the current budget year: **None.**
 - iii. Describe any District financial obligations in default: **None.**
- i. Actual and Assessed Valuation History
 - i. Report the annual actual and assessed valuation for the current year and for each of seven (7) years prior to current year: **A copy of the 2020 Certification of Valuation by Douglas County Assessor is attached hereto as Exhibit C. The 2016-2019 Assessed Valuations of the District are attached to the 2015, 2016, 2017, 2018 and 2019 Annual Reports. There are no prior certifications available as the District was not organized until the year 2014.**

- ii. For each year, compare the certified assessed value with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the certified value. **The District was organized in 2014; thus, the information provided below is from 2016 to the current year. The Service Plan estimate includes the total number of residential units for two phases: (1) an estimated 329 residential units in Phase I; and (2) an additional 350 residential units in Phase II, which was in the then-Future Inclusion Area, for an estimated total of 679 residential units (the “Service Plan AV Estimate”).**

Subsequent to the approval of the Service Plan, the 350 residential units from the Future Inclusion Area became part of a new metropolitan district, the Cielo Metropolitan District. Thus, the District has an estimated total of only 329 residential units (which is 48.5% of the estimated 679 residential units originally contemplated in the Service Plan, the “Equalized AV Estimate”). Additionally, in connection with the District’s issuance of its 2018 Bonds, the District’s Accountant prepared a cash flow analysis (the “Bond AV Estimate”), which contains an estimate of assessed valuation for the 329 residential units.

Based on the foregoing, the below table sets forth: the Service Plan AV Estimate, the Equalized AV Estimate; the Bond AV Estimate; and the assessed valuation actually issued by the County (the “Actual AV”):

Year	Service Plan AV Estimate (based on 679 units)	Equalized AV Estimate (48.5%, or 329/679 units)	Bond AV Estimate (based on 329 units)	Actual AV (per County)
2016	\$857,820	\$416,043	n/a (bonds issued in 2018)	\$63,700
2017	\$4,032,363	\$1,955,696	\$70,780	\$70,780
2018	\$9,293,743	\$4,507,465	\$157,818	\$58,150
2019	\$14,236,525	\$6,904,715	\$2,070,956	\$5,215,040
2020	\$17,328,021	\$8,404,090	\$6,670,032	\$6,607,040

j. Mill Levy History

- i. Report the annual mill levy for the current year and for each of the seven (7) years prior to current year. Break the mill levies out by purpose (e.g., debt issuance and operations and maintenance): **In 2020, the District certified a mill levy of 11.132 mills for the General Fund and 55.664 mills for the Debt Service Fund for a total of 66.796 mills. In 2019, the District certified a mill levy of 11.132 mills for the General Fund and 55.664 mills for the Debt Service Fund for a total of 66.796 mills. In 2018, the District certified a mill levy of 11.055 mills for operations and maintenance and 55.277 mills for general obligation bonds and interest. In 2017, the District certified a mill levy of 10.000 mills for operations and maintenance and 55.277 mills for general obligation bonds and interest. In 2016, the District certified a mill levy of 10.000 mills for operations and maintenance and 50.000 mills for general obligation bonds and interest for collection year 2017. In 2015, the District certified a mill levy of 50.000 mills for operations and maintenance for tax collection year 2016. The District did not certify a mill levy in 2014, for collection year 2015 (year in which the District was organized).**

- ii. For each year, compare the actual mill levy with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the actual mill levies: **The Service Plan authorizes a Maximum Total Mill Levy of 60.000 mills with a Maximum Debt Service Mill Levy of fifty (50.000) Mills and a Maximum Operations & Maintenance Mill Levy of ten (10.000) Mills, and estimated a total mill levy of 50.000 mills to be assessed for the term of the bonds (40.000 mills for debt and 10.000 mills for operations and maintenance, as adjusted per Article X Section 3 of the Colorado Constitution). In 2020, the District certified a mill levy of 11.132 mills for operations and maintenance and 55.664 mills for general obligation bonds and interest. In 2019, the District certified a mill levy of 11.132 mills for operations and maintenance and 55.664 mills for general obligation bonds and interest, as adjusted per Article X Section 3 of the Colorado Constitution. In 2018, the District certified a mill levy of 11.055 mills for operations and maintenance and 55.277 mills for general obligation bonds and interest, as adjusted per Article X Section 3 of the Colorado Constitution. In 2017, the District certified a mill levy of 10.000 mills for operations and maintenance and 55.277 mills for general obligation bonds and interest, as adjusted per Article X Section 3 of the Colorado Constitution. In 2016, the District assessed 10.000 mills for operations and maintenance and 50.000 mills for general obligation debt. In 2015, the District assessed 50.000 mills for operations and maintenance. The District did not certify a mill levy**

in the years 2014-2015, nor did the Service Plan anticipate the District doing so.

k. Miscellaneous Taxes History

- i. Report the annual miscellaneous tax revenue for the current year and for each of the seven (7) years prior to the current year. Break the tax revenue out by purpose (e.g., general operations, revenue-based obligations, debt by issue, contractual obligations, other): **Not Applicable.**
- ii. For each year, compare the actual miscellaneous tax revenue with the Service Plan estimate for that year (if provided in Plan). If the Service Plan estimates are not available, indicate the same and report the actual taxes: **Not Applicable.**

l. Estimated Assessed Valuation of District at 100% Build-Out

- i. Provide an updated estimate and compare this with the Service Plan estimate: **An updated estimate of assessed valuation at 100% build-out is not available.**

m. Estimated Amount of Additional General Obligation Debt to be Issued by the District between the End of Current Year and 100% Build-Out.

- i. Provide an updated estimate based on current events. Do not include refunding bonds: **The District issued bonds in 2018. No new debt was issued in 2020.**

Exhibit A
(2020 Audit)

**STONE CREEK METROPOLITAN
DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**STONE CREEK METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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Independent Auditor's Report

Board of Directors
Stone Creek Metropolitan District
Douglas County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Stone Creek Metropolitan District (the "District") 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Stone Creek Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund and the fee revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. 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 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 financial statements. The 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.

The other information, as listed in the table of contents, has not been subject 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.

Sincerely,



Wipfli LLP
Lakewood, Colorado

September 29, 2021

BASIC FINANCIAL STATEMENTS

**STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 55,765
Cash and Investments - Restricted	1,197,770
Property Taxes Receivable	441,324
Capital Assets, Not Being Depreciated:	
Construction in Progress	15,702,723
Total Assets	17,397,582
LIABILITIES	
Accounts Payable	73,516
Accrued Interest Payable	323,466
Due to County	6,677
Noncurrent Liabilities:	
Due in More Than One Year	20,277,954
Total Liabilities	20,681,613
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	441,324
Total Deferred Inflows of Resources	441,324
NET POSITION	
Restricted for:	
Emergency Reserves	1,850
Debt Service	166,890
Unrestricted	(3,894,095)
Total Net Position	\$ (3,725,355)

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Fee Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 35	\$ 55,730	\$ -	\$ -	\$ 55,765
Cash and Investments - Restricted	1,850	-	1,195,920	-	1,197,770
Due From Other Funds	19,293	-	-	-	19,293
Property Taxes Receivable	73,550	-	367,774	-	441,324
Total Assets	\$ 94,728	\$ 55,730	\$ 1,563,694	\$ -	\$ 1,714,152
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 49,742	10,147	\$ -	\$ 13,627	\$ 73,516
Due To Other Funds	-	-	-	19,293	19,293
Due To County	1,113	-	5,564	-	6,677
Total Liabilities	50,855	10,147	5,564	32,920	99,486
 DEFERRED INFLOWS OF RESOURCES					
Property Tax Revenue	73,550	-	367,774	-	441,324
Total Deferred Inflows of Resources	73,550	-	367,774	-	441,324
 FUND BALANCES					
Restricted:					
Emergency Reserves	1,850	-	-	-	1,850
Debt Service	-	-	1,190,356	-	1,190,356
Committed:					
Operations and Maintenance	-	45,583	-	-	45,583
Unassigned	(31,527)	-	-	(32,920)	(64,447)
Total Fund Balances	(29,677)	45,583	1,190,356	(32,920)	1,173,342
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 94,728	\$ 55,730	\$ 1,563,694	\$ -	

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 funds.

Capital Assets, Not Being Depreciated	15,702,723
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(9,470,000)
Accrued Interest on Bonds Payable	(323,466)
Developer Advance Payable	(9,270,589)
Accrued Interest on Developer Advance	(1,537,365)

Net Position of Governmental Activities	\$ (3,725,355)
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See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Fee Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property Taxes	\$ 56,601	\$ -	\$ 283,026	\$ -	\$ 339,627
Specific Ownership Taxes	5,008	-	25,040	-	30,048
Net Investment Income	-	-	4,465	-	4,465
District Fees	-	28,274	-	-	28,274
Administrative Fee	-	7,500	-	-	7,500
Total Revenues	<u>61,609</u>	<u>35,774</u>	<u>312,531</u>	<u>-</u>	<u>409,914</u>
EXPENDITURES					
General, Administrative, Operations and Maintenance					
Accounting	32,617	-	-	-	32,617
Audit	4,250	-	-	-	4,250
County Treasurer Fee	849	-	4,245	-	5,094
District Management	18,511	-	-	-	18,511
Dues	465	-	-	-	465
Election	1,243	-	-	-	1,243
Insurance	4,801	-	-	-	4,801
Legal	35,260	3,590	-	-	38,850
Miscellaneous	721	-	-	-	721
Billing and Collection	-	200	-	-	200
Community Management	-	9,947	-	-	9,947
Grounds Maintenance	-	24,675	-	-	24,675
Snow Removal	-	2,028	-	-	2,028
Trash Removal	-	3,307	-	-	3,307
Water	-	4,656	-	-	4,656
Construction Oversight/ Administration	-	-	-	35,110	35,110
Debt Service					
Paying Agent Fee	-	-	6,000	-	6,000
Bond Interest	-	-	465,469	-	465,469
Total Expenditures	<u>98,717</u>	<u>48,403</u>	<u>475,714</u>	<u>35,110</u>	<u>657,944</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(37,108)	(12,629)	(163,183)	(35,110)	(248,030)
OTHER FINANCING SOURCES (USES)					
Developer Advance	19,348	-	-	16,066	35,414
Transfers (To)/From Other Funds	-	-	209	(209)	-
Total Other Financing Sources (Uses)	<u>19,348</u>	<u>-</u>	<u>209</u>	<u>15,857</u>	<u>35,414</u>
NET CHANGE IN FUND BALANCES	(17,760)	(12,629)	(162,974)	(19,253)	(212,616)
Fund Balances - Beginning of Year	<u>(11,917)</u>	<u>58,212</u>	<u>1,353,330</u>	<u>(13,667)</u>	<u>1,385,958</u>
FUND BALANCES - END OF YEAR	<u>\$ (29,677)</u>	<u>\$ 45,583</u>	<u>\$ 1,190,356</u>	<u>\$ (32,920)</u>	<u>\$ 1,173,342</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ (212,616)

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

The issuance of long-term debt (e.g., bonds, developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advances (35,414)

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

Accrued Interest on Developer Advance - Change in Liability	(753,824)	
Accrued Interest on Bonds - Change in Liability	<u>(107,712)</u>	<u>(861,536)</u>

Change in Net Position of Governmental Activities \$ (1,109,566)

**STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT 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	\$ 58,054	\$ 56,601	\$ (1,453)
Specific Ownership Taxes	5,225	5,008	(217)
Total Revenues	<u>63,279</u>	<u>61,609</u>	<u>(1,670)</u>
EXPENDITURES			
General and Administration			
Accounting	35,000	32,617	2,383
Audit	5,000	4,250	750
County Treasurer Fee	871	849	22
District Management	22,000	18,511	3,489
Dues	600	465	135
Election	2,000	1,243	757
Insurance	6,000	4,801	1,199
Legal	50,000	35,260	14,740
Miscellaneous	1,000	721	279
Contingency	7,529	-	7,529
Total Expenditures	<u>130,000</u>	<u>98,717</u>	<u>31,283</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(66,721)	(37,108)	29,613
OTHER FINANCING SOURCES (USES)			
Developer Advance	68,521	19,348	(49,173)
Total Other Financing Sources (Uses)	<u>68,521</u>	<u>19,348</u>	<u>(49,173)</u>
NET CHANGE IN FUND BALANCE	1,800	(17,760)	(19,560)
Fund Balance - Beginning of Year	<u>100</u>	<u>(11,917)</u>	<u>(12,017)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,900</u>	<u>\$ (29,677)</u>	<u>\$ (31,577)</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
FEE REVENUE FUND
STATEMENT 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			
District Fees	\$ 103,100	\$ 28,274	\$ (74,826)
Administrative Fee	7,200	7,500	300
Total Revenues	<u>110,300</u>	<u>35,774</u>	<u>(74,526)</u>
EXPENDITURES			
Operations and Maintenance			
Administrative Expenses	5,000	-	5,000
Billing and Collection	5,000	200	4,800
Cluster Boxes	1,500	-	1,500
Community Management	29,610	9,947	19,663
Contingency	10,325	-	10,325
Fence Maintenance	2,500	-	2,500
Gas/Electricity	1,000	-	1,000
Grounds Maintenance	-	24,675	(24,675)
Legal	5,000	3,590	1,410
Lighting	1,000	-	1,000
Monuments	2,500	-	2,500
Prairie Dog Mitigation	2,500	-	2,500
Shared Amenity Fee	22,133	-	22,133
Snow Removal	15,000	2,028	12,972
Social Activities	6,000	-	6,000
Trash Removal	10,000	3,307	6,693
Water	5,000	4,656	344
Total Expenditures	<u>124,068</u>	<u>48,403</u>	<u>75,665</u>
NET CHANGE IN FUND BALANCE	(13,768)	(12,629)	1,139
Fund Balance - Beginning of Year	<u>62,664</u>	<u>58,212</u>	<u>(4,452)</u>
FUND BALANCE - END OF YEAR	<u>\$ 48,896</u>	<u>\$ 45,583</u>	<u>\$ (3,313)</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Stone Creek Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Douglas County, Colorado granted on November 25, 2014, and recorded on December 15, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing and ongoing operations of essential public-purpose facilities such as water, sanitation, streets, safety protection, parks and recreation, mosquito control, covenant enforcement and design review and security. The District will serve the public improvement needs of Stone Creek Ranch which is generally located at Scott Road and State Highway 83 (Parker Road) in Douglas County, Colorado. Under the Service Plan, the District will provide essential public improvements and services for a new residential community located entirely within Douglas County. The property in the District is anticipated to be developed consistent with the terms, requirements, and provisions of a Development Agreement.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 as general revenues.

Separate financial statements are provided for the 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 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 has 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 due.

The District reports the following major governmental funds:

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

The Fee Revenue Fund is used to account for the fees to be collected from lots and/or homeowners in the District to be used for operations and maintenance and clubhouse facility expenses.

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

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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC 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 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 inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

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

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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

Deficits

The General Fund and Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2020. The deficits were eliminated with the receipt of funds advanced by the Developer in 2021.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 55,765
Cash and Investments - Restricted	1,197,770
Total Cash and Investments	\$ 1,253,535

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 62,094
Investments	1,191,441
Total Cash and Investments	\$ 1,253,535

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.

At December 31, 2020, the District's cash deposits had a bank balance of \$62,422 and carrying balance of \$62,094.

Investments

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

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

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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 1,191,441</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust 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 safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the Districts' capital assets for the year ended December 31, 2020 follows:

	Balance - December 31, 2019	Additions	Reductions/ Reclassifications	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 15,702,723	\$ -	\$ -	\$ 15,702,723
Total Capital Assets, Not Being Depreciated	<u>\$ 15,702,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,702,723</u>

Certain capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements by other local governments, the District will remove the cost of construction from its capital assets.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Bonds Payable:					
Series 2018A - Senior Bonds	\$ 8,275,000	\$ -	\$ -	\$ 8,275,000	\$ -
Series 2018B - Subordinate Bonds	1,195,000	-	-	1,195,000	-
Other Debts:					
Developer Advances:					
Principal	9,235,175	35,414	-	9,270,589	-
Accrued Interest	783,541	753,824	-	1,537,365	-
Total Debt	<u>\$ 19,488,716</u>	<u>\$ 789,238</u>	<u>\$ -</u>	<u>\$ 20,277,954</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding are as follows:

General Obligation Limited Tax Bonds, Series 2018A (the 2018A Senior Bonds) and **Subordinate General Obligation Limited Tax Bonds, Series 2018B** (the 2018B Subordinate Bonds, and together with the 2018A Senior Bonds, the Bonds)

Bond Details

The District issued the Bonds on March 6, 2018, in the amounts of \$8,275,000 for the 2018A Senior Bonds and \$1,195,000 for the 2018B Subordinate Bonds. Proceeds from the sale of the Bonds were applied to fund and reimburse a portion of the costs of acquiring, constructing and installing certain public improvements and to pay other costs in connection with the Bonds. A portion of the proceeds from the sale of the 2018A Senior Bonds were applied to fund: (a) the Senior Reserve Fund; (b) capitalized interest on the 2018A Senior Bonds; and (c) an initial deposit to the Senior Surplus Fund.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Bond Details (Continued)

The 2018A Senior Bonds bear interest at 5.625%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2022. The 2018A Senior Bonds mature on December 1, 2047. To the extent the principal of any 2018A Senior Bond is not paid when due, such principal will remain outstanding and continue to bear interest at the rate borne by the 2018A Bonds. To the extent interest is not paid when due, such interest shall compound semiannually on each June 1 and December 1. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2018A Senior Bonds.

The 2018B Subordinate Bonds bear interest at 7.875% and mature on December 15, 2047. The 2018B Subordinate Bonds are structured as cash flow bonds meaning that no regularly scheduled principal payments are due prior to the maturity date and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the 2018B Subordinate Bonds on each December 15 only to the extent Subordinate Pledged Revenue is available. To the extent principal of any 2018B Subordinate Bonds is not paid when due, such principal shall remain outstanding until the Termination Date of December 16, 2057, and shall continue to bear interest at the rate borne by the 2018B Subordinate Bonds. To the extent interest is not paid when due, such interest shall compound annually on December 15. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2018B Subordinate Bonds. The 2018B Subordinate Bonds and interest thereon are to be deemed to be paid and discharged on the Termination Date regardless of the amount of principal and interest paid prior to the Termination Date.

Optional Redemption

The 2018A Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Optional Redemption (Continued)

The 2018B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

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

Pledged Revenue

The 2018A Senior Bonds are payable solely from and to the extent of Senior Pledged Revenue defined in the 2018A Senior Indenture as moneys derived from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy; (ii) all Capital Fees, if any; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Trustee for application as Senior Pledged Revenue. The 2018A Senior Bonds are additionally secured by amounts on deposit in the Senior Reserve Fund, by amounts on deposit in the Senior Surplus Fund which was partially funded with proceeds of the 2018A Senior Bonds, and by capitalized interest which was funded with proceeds of the 2018A Senior Bonds.

The 2018B Subordinate Bonds are payable solely from and to the extent of Subordinate Pledged Revenue defined in the 2018B Subordinate Indenture as moneys derived from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the Subordinate Capital Fee Revenue, if any; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Senior Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy each year in an amount sufficient to fund the Senior Bond Fund and pay the 2018A Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills (subject to adjustment described below), and (ii) for so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 50 mills (subject to adjustment), or such lesser mill levy which will fund the Senior Bond Fund and pay the 2018A Senior Bonds as they come due, will replenish the Senior Reserve Fund to the amount of the Required Reserve, and will fund the Senior Surplus Fund up to the Maximum Surplus Amount.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Senior Required Mill Levy (Continued)

In the event the method of calculating assessed valuation is changed after September 23, 2014, the minimum and maximum mill levies shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. As of the date of issuance of the Bonds, the maximum and minimum mill levies have adjusted upward to 55.664 mills.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy in the amount of (i) 50 mills (subject to adjustment) less the Senior Bond Mill Levy, or (ii) such lesser mill levy which, after deduction of the Senior Bond Mill Levy, will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the 2018B Subordinate Bonds in full. The Subordinate Required Mill Levy will equal zero at any time that: (i) the payment of the 2018A Senior Bonds (and any other Senior Parity Bonds) requires the imposition of at least 50 mills, as adjusted; and (ii) at any time that there is on deposit in the Senior Surplus Fund less than the Maximum Surplus Amount.

Senior Reserve Fund

Moneys in the Senior Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the 2018A Senior Bonds. Moneys in the Senior Surplus Fund shall be used for payment of the 2018A Senior Bonds prior to any use of moneys in the Senior Reserve Fund. If at any time the Senior Reserve Fund is drawn upon or valued so that the amount of the Senior Reserve Fund is less than the amount of the Required Reserve of \$350,000, the Trustee shall apply Senior Pledged Revenue to the Senior Reserve Fund to replenish the balance in the Senior Reserve Fund to the amount of the Required Reserve.

Senior Surplus Fund

The Senior Surplus Fund was partially funded in the amount of \$350,000 from proceeds of the 2018A Senior Bonds. In addition, Senior Pledged Revenue that is not needed to pay debt service on the 2018A Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$1,241,250. The Senior Surplus Fund is to be maintained as long as any 2018A Senior Bonds remain outstanding. When no 2018A Senior Bonds are outstanding, any moneys in the Senior Surplus Fund are required to be remitted to the District for application to any lawful purpose of the District. The balance in the Senior Surplus Fund as of December 31, 2020, was \$363,165.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

2018A Senior Bonds Debt Service

The outstanding principal and interest of the 2018A Senior Bonds are due as follows:

<u>For Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 465,469	\$ 465,469
2022	10,000	465,469	475,469
2023	95,000	464,906	559,906
2024	110,000	459,563	569,563
2025	115,000	453,375	568,375
2026-2030	800,000	2,152,970	2,952,970
2031-2035	1,215,000	1,883,532	3,098,532
2036-2040	1,785,000	1,481,345	3,266,345
2041-2045	2,520,000	901,126	3,421,126
2046-2047	1,625,000	147,937	1,772,937
Total	<u>\$ 8,275,000</u>	<u>\$ 8,875,692</u>	<u>\$ 17,150,692</u>

The annual debt service requirements on the 2018B Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$234,000,000. The District's Service Plan limits the amount of debt issuance to \$18,000,000. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount	Authorization	Authorization	Authorized
	Authorized on November 4, 2014	Used for 2018A Bonds	Used for 2018B Bonds	But Unissued
Water	\$ 18,000,000	\$ (14,853)	\$ (2,145)	\$ 17,983,002
Sanitation/Stormwater	18,000,000	(5,058,944)	(730,567)	12,210,489
Streets	18,000,000	(2,033,663)	(293,683)	15,672,654
Parks and Recreation	18,000,000	(530,468)	(76,605)	17,392,927
Public Transportation	18,000,000	-	-	18,000,000
Fire Protection	18,000,000	-	-	18,000,000
Mosquito Control	18,000,000	-	-	18,000,000
Safety Protection	18,000,000	(637,072)	(92,000)	17,270,928
Security	18,000,000	-	-	18,000,000
TV Relay and Translation	18,000,000	-	-	18,000,000
Operation and Maintenance	18,000,000	-	-	18,000,000
Debt Refunding	18,000,000	-	-	18,000,000
Intergovernmental Agreements	18,000,000	-	-	18,000,000
Total	<u>\$ 234,000,000</u>	<u>\$ (8,275,000)</u>	<u>\$ (1,195,000)</u>	<u>\$ 224,530,000</u>

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 NET POSITION

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

The 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. The District had a restricted net position as of December 31, 2020, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,850
Debt Service	166,890
Total Restricted Net Position	\$ 168,740

The District has a deficit in unrestricted net position. The deficit was a result of the operating expenses paid by advances from the Developer, as well as interest paid to date on the Bonds.

NOTE 7 AGREEMENTS

Operation Funding Agreement

Effective as of December 15, 2014, and amended most recently on November 18, 2020, the District entered into a 2014-2015 Operation Funding Agreement, as amended (the OFA), with Choke Cherry Investors, LLC (the Developer) whereby the Developer agreed to advance funds to the District for the payment of operation and maintenance expenses, up to a stated "Shortfall Amount" of \$380,000, on a periodic basis as needed for the fiscal years 2014-2021 (Operations Advances).

The OFA states that it is the District's intent to repay Operations Advances to the Developer, to the extent it has funds available from the imposition of its taxes, fees, rates, tolls, penalties and charges, and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Simple interest accrues on Operations Advances at the rate of the current Bond Buyer 20-Bond GO Index plus 4% per annum, however, in no event is such interest to exceed 8.0% per annum. The District's obligation to reimburse Operations Advances does not constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereof is subject to annual appropriation by the District in its absolute discretion.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 AGREEMENTS (CONTINUED)

Operation Funding Agreement (Continued)

District payments to the Developer are to occur on December 2 of each year and be (a) applied first to accrued and unpaid interest; and then (b) to the principal amount due. The term of the OFA expires on December 31, 2021, unless terminated earlier by the mutual agreement of the District and the Developer. Any obligation of Developer to advance funds will expire upon advance to the District of amounts sufficient to pay expenses incurred in 2014 through 2020, not to exceed the Shortfall Amount. Any obligation of District to reimburse the Developer expires on December 31, 2051. In the event the District has not reimbursed the Developer for any Operations Advances on or before December 31, 2051, any amount of principal and accrued interest outstanding on such date is deemed to be forever discharged and satisfied in full.

As of December 31, 2020, \$304,391 had been advanced under the OFA. Accrued interest totaled \$53,777 as of December 31, 2020.

Facilities Acquisition Agreement

The District and the Developer entered into a Facilities Acquisition Agreement (the FAA), with an effective date of August 4, 2016, setting forth the rights, obligations and procedures with respect to the District's acquisition of Developer – Constructed Improvements and reimbursement of the Developer as provided.

The District acknowledges in the FAA that the Developer has incurred expenses for the organization of the District (Organization Expenses) and the District is authorized to reimburse the Developer for the Organization Expenses. Upon verification of the Organization Expenses and subject to receipt of funding pursuant to section 7 of the FAA, the District shall reimburse the Developer the amount of the Organization Expenses that have been verified by the District's accountant and approved by the District's Board of Directors, plus amounts, if any, advanced to the District by the Developer to pay the costs incurred for such review, verification, and approval.

Subject to receipt of funding as set forth in Section 7 of the FAA, the District agrees to reimburse the Developer for Certified Construction Costs and Organization Expenses up to a maximum amount of \$16,000,000, together with accrued interest thereon. Organization Costs and Certified Construction Costs incurred prior to the District's date of organization on December 15, 2014 (Organization Date) accrue interest from the Organization Date, and Certified Construction Costs incurred after the Organization Date accrue interest from the date such costs are incurred by the Developer. Simple interest accrues on Organization Costs and Certified Construction Costs at the rate of the current Bond Buyer 20-Bond GO Index plus 4% per annum, however, in no event is such interest to exceed 8.0% per annum.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 AGREEMENTS (CONTINUED)

Facilities Acquisition Agreement (Continued)

The FAA does not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor does it constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereunder will be at all times subject to annual appropriation by the District.

As of December 31, 2020, \$8,966,198 had been advanced under the FAA. Accrued interest totaled \$1,483,588 as of December 31, 2020.

On August 4, 2016, the Developer, as Assignor and TREZ Capital (2015) Corporation or its Nominee, as Assignee, entered into a Collateral Assignment of Right to Reimbursement under the Facilities Acquisition Agreement (Assignment). Concurrently with the Assignment, Assignee made a loan to Assignor, evidenced by a certain Loan Agreement and such other documents evidencing Assignor's obligations to Assignee/Lender with respect to the Loan (Loan Documents). All amounts owing or to be owed from time to time under the Loan Documents, together with all other obligations of Assignor in respect thereof, are referred to as the "Indebtedness". The Assignment secures: i) the Indebtedness, ii) all other liabilities (primary, secondary, direct, contingent, sole, joint or several) due or to become due by Assignor to the Assignee/Lender arising out of or related to the Loan; and iii) performance by Assignor of all provisions set forth in the Assignment.

Clubhouse Funding, Construction and Operations Agreement

On November 19, 2019, the District entered into a Clubhouse Funding, Construction and Operations Agreement with the Developer, Cielo Metropolitan District (Cielo) and Forestar (USA) Real Estate Group Inc. (the Original Clubhouse FCOA). The Original Clubhouse FCOA set forth the rights, obligations, and procedures for the construction of a public clubhouse, swimming pool, and related public improvements (Clubhouse Improvements), and the cost sharing agreement related to operation and maintenance of the Clubhouse Improvements.

On August 25, 2021, the Board of the District approved other agreements that will replace the Original Clubhouse FCOA (as described in Note 11 (Subsequent Event)), and therefore, the Board of the District also authorized the termination of the Original Clubhouse FCOA.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 AGREEMENTS (CONTINUED)

District Fee Resolution

The District adopted Resolution No. 2017-11-05; Resolution Regarding the Imposition of District Fees, as amended and restated by Resolution No. 2019-02-01 Amended and Restated Resolution Regarding the Imposition of District Fees (Fee Resolution). Pursuant to the Fee Resolution, the District imposed an Operations and Maintenance Fee (O&M Fee) and an Administrative Fee on each lot and/or single-family residential dwelling unit within the District boundaries. The O&M Fee is imposed upon sale of a vacant lot to a homebuilder, as follows: a) from the date of sale of a vacant lot and through February 27, 2019, in the amount of \$20 per month per vacant lot, payable quarterly (\$60 per quarter; \$240 per year); b) upon substantial completion of two neighborhood parks, as determined by the District Engineer, \$40 per month per lot, payable quarterly (\$120 per quarter; \$480 per year); and c) upon substantial completion of two neighborhood parks, the clubhouse, the fitness center, and the swimming pool, as determined by the District Engineer, \$60 per month per lot, payable quarterly (\$180 per quarter; \$720 per year). The O&M Fee is imposed upon the sale of a lot to an owner other than a homebuilder constructing the initial Residential Unit in the amount of \$70 per month per lot, payable quarterly (\$210 per quarter; \$840 per year). The Administrative Fee shall be paid by each buyer of a Residential Unit (other than the builder constructing the initial Residential Unit) upon the conveyance or refinance of such Residential Unit as follows: a) the Administrative Fee shall be \$100 per initial sale of a Residential Unit from a homebuilder to an owner; b) the Administrative Fee shall be \$100 per sale of a Residential Unit from one owner to another owner; c) the Administrative Fee shall be due and payable at the time of any sale, transfer, or re-sale of any Residential Unit constructed on a lot with a certificate of occupancy. The District reserves the right to amend the Fee Resolution in the future to increase or decrease the amount of the O&M Fee and/or the Administrative Fee (collectively referred to as the "Fees"). The Fees shall not be imposed on real property actually conveyed or dedicated to nonprofit owners' associations, governmental entities or utility providers.

Resolution Concerning Use of District Recreational Facilities by Outside Users – 2019 Season

The District adopted Resolution No. 2019-07-02; Resolution Concerning Use of District Facilities by Outside Users – 2019 Season (the "2019 Season Resolution"), pursuant to which the District limited the number of memberships of outside users, which is defined as a nonresident of, or nonproperty owner of property within the District, to twenty households on a first-come, first-served basis, and imposed an annual membership fee for outside users in the amount of \$950 for 2019. Due to COVID-19, the District did not adopt a resolution for the 2020 Season; therefore, the rates and fees from the 2019 Season Resolution continued to apply in 2020.

Subdivision Improvement Agreement

On March 11, 2015, the Developer and the Board of County Commissioners of Douglas County (BOCC) entered into a Subdivision Improvement Agreement (SIA) to provide for the terms and conditions under which the Developer agreed to construct and complete, at the Developer's expense, the Subdivision Improvements (as defined in the SIA) in accordance with the Plans (as defined in the SIA). On September 22, 2017, pursuant to an Assignment of SIA and Development Rights, the Developer assigned all of its rights and obligations under the SIA to the District.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 AGREEMENTS (CONTINUED)

Offsite Improvements Agreement (Stone Creek Ranch Filing No. 1)

On March 6, 2018, the District, the Developer, Richmond American Homes of Colorado, Inc. (Richmond), Taylor Morrison of Colorado, Inc. (Taylor Morrison), KB Home Colorado, Inc. (KB, and collectively with Richmond and Taylor Morrison, the Builders) and First American Title Insurance Company (Title Company) entered into an Offsite Improvements Agreement (Stone Creek Ranch Filing No. 1) (Offsite Improvements Agreement). Concurrently with the execution of the Offsite Improvements Agreement, Richmond, Taylor Morrison and KB, each respectively entered into separate Agreements for Sale and Purchase of Real Estate with the Developer to purchase certain lots (Lots) within the District boundaries (collectively referred to as the "Sale Agreements"). For purposes of the Offsite Improvements Agreement, all tracts, public streets, private streets and other property or property rights required with respect to the Improvements necessary for the Builders to obtain building permits and certificates of occupancy for the Units constructed on the Lots are defined as the "Project". Developer, pursuant to the Sale Agreements, agreed to cause the construction and completion of all improvements necessary for the issuance of building permits, and following construction of Units (as defined in the Offsite Improvements Agreement) on the Lots, certificates of occupancy, with each Builder paying specific costs towards same as such costs are set forth in the Offsite Improvements Agreement and with Developer being responsible for all additional costs and charges related thereto. The Builders and Developer agreed to engage the District to complete certain improvements at the Project that are deemed "public" improvements as approved by the third-party District engineer for qualified reimbursements (collectively, the "District Improvements") upon the terms set forth in the Offsite Improvements Agreement. The District agreed to engage the Developer to manage the construction of the District Improvements pursuant to a Construction Management Agreement dated February 14, 2018 (the "Construction Management Agreement"). The Builders agreed to engage the Developer to complete the remainder of the improvements at the Project that are not District Improvements (the "Developer Improvements") upon the terms and conditions set forth in the Offsite Improvements Agreement that are otherwise applicable to the completion of and payment for the District Improvements. On September 19, 2018, the parties entered into a First Amendment to Offsite Improvement Agreement to address the disbursement of certain funds and to clarify certain items set forth in the Offsite Improvement Agreement.

Developer Escrow Agreement

On March 6, 2018, the District, the Developer, Richmond, Taylor Morrison, KB and Title Company entered into a Developer Escrow Agreement (Developer Escrow Agreement). Pursuant to the Developer Escrow Agreement, as District Improvements are completed, the District shall requisition funds from the proceeds of the Bonds and use such funds to reimburse the Developer for any public improvements paid for by the Builders pursuant to the terms of the FAA. The Developer Escrow Agreement sets forth the parameters under which Title Company shall hold and administer the Escrowed Funds (as defined in the Developer Escrow Agreement) in an account set forth in the Developer Escrow Agreement to pay for any Cost Overruns associated with the District Improvements, Developer Improvements or the Builder Improvements, as more particularly set forth in the Developer Escrow Agreement.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 AGREEMENTS (CONTINUED)

Amenity Center Escrow Agreement

On March 6, 2018, the District, the Developer, Richmond, Taylor Morrison, KB and the Title Company entered into an Amenity Center Escrow Agreement (ACEA). The ACEA sets forth the terms under which a portion of the Bond Proceeds will fund certain escrows for the benefit of the property within the District boundaries and the Builders, including payment of the costs to build the Amenity Center. The Title Company shall hold and administer the Escrowed Funds (as defined in the ACEA) to pay the costs of constructing the Amenity Center, as more particularly set forth in the ACEA.

Stipulated Sum Price Agreement (Stone Creek Ranch)

On March 6, 2018, the District, Hudick Excavating, Inc. dba: HEI Civil (the "Contractor"), the Developer and Atwell, LLC (the "Engineer") entered into a Stipulated Sum Price Agreement to set forth the terms under which Contractor will perform and be compensated for completion of the Work (as defined in the Stipulated Sum Price Agreement).

Conditional Non-Exclusive Assignment of Plans and Contracts

On March 6, 2018, the Developer, the District, KB, Taylor Morrison and Richmond entered into a Conditional Non-Exclusive Assignment of Plans and Contracts (Conditional Assignment) under which the Developer and the District agreed to conditionally assign, on a non-exclusive basis, and to the extent allowable by law, all of their respective rights, title and interest under the Stipulated Sum Price Agreement. The Developer further agreed to conditionally assign, on a non-exclusive basis, and to the extent allowable by law, all of its respective rights, title and interest under the Engineer Contract (as defined in the Conditional Assignment), the ACEA, the Landscaping Contract (as defined in the Conditional Assignment) and the Fencing Contract (as defined in the Conditional Assignment). Such assignments shall not be effective unless and until an Assignment Event (as defined in the Conditional Assignment) has occurred.

NOTE 8 RELATED PARTIES

Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer, and may have conflicts of interest in dealing with the District.

The Homebuilders of the property are Richmond American Homes of Colorado, Inc., KB Home Colorado, Inc. and Taylor Morrison of Colorado, Inc. Certain members of the Board of Directors are officers or employees of or related to the Homebuilders, and may have conflicts of interest in dealing with the District.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property 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 10 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 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.

At December 31, 2020, the District determined its required emergency reserve to be approximately \$1,850.

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.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 SUBSEQUENT EVENTS

On August 25, 2021, the Board of the District approved various agreements to replace the Original Clubhouse FCOA (as described in Note 7), and therefore, also authorized the termination of the Original Clubhouse FCOA.

The other agreements which the Board of the District approved on August 25, 2021 were: (1) the Clubhouse Construction Agreement by and among the District, Choke Cherry Investors, LLC, Cielo Metropolitan District and Toll Southwest LLC (the Clubhouse Construction Agreement); and (2) the Clubhouse Joint Use and Operations Cost Sharing Agreement by and between the District and Cielo Metropolitan District (the Clubhouse Operations Agreement).

Clubhouse Construction Agreement

Under the Clubhouse Construction Agreement, the parties acknowledge that Choke Cherry Investors, LLC (the Stone Creek Developer) will construct public clubhouse, fitness facility, swimming pool, furnishings, fitness equipment lease, and related public improvements (the Clubhouse Improvements), and that Toll Southwest LLC (the Cielo Developer) advanced sums to the Stone Creek Developer to contribute to the construction costs associated with the Clubhouse Improvements. The parties agree that Cielo Metropolitan District (Cielo MD) may reimburse the Cielo Developer for the Cielo Developer's contribution pursuant to a separate Cielo MD infrastructure acquisition and reimbursement agreement, and that the District may reimburse the Stone Creek Developer pursuant to the FAA (described in Note 7).

Clubhouse Operations Agreement

Under the Clubhouse Operations Agreement, the District and Cielo MD Stone Creek MD and Cielo MD will share in the management of the Clubhouse Improvements and pay their respective proportionate share of annual budgeted and approved operations and maintenance costs, inclusive of all legal costs, management costs, accountant costs, and other consulting fees (the Clubhouse O&M Costs). The District and Cielo MD agree to cooperate and confer on their annual respective budgets for the Clubhouse O&M Costs, and Cielo MD agrees to pay 25% of its annual allocation of the Clubhouse O&M Costs by March 1 of each year, and to pay the remaining allocation in monthly installments, which accrue interest if they are overdue.

The District and Cielo MD agree that amendments to The Barn at Cherry Creek Pool & Clubhouse Amenities Rules and Regulations, approved by the District's Board of Directors on February 26, 2020, and subsequently adopted by a Joint Resolution of the District's Board of Directors on August 25, 2021 and the Cielo MD's Board of Directors on August 26, 2021 (the Clubhouse/Pool Rules and Regulations), shall be jointly approved by the District's Board of Directors and the Cielo MD's Board of Directors.

The District and Cielo MD also agree that residents, property owners, and taxpayers within the Cielo MD shall not be subject to the Outside User Resolution (discussed below).

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 SUBSEQUENT EVENT (CONTINUED)

Outside User Resolution

On August 25, 2021, the District's Board of Directors adopted Resolution No. 2021-02-02 Concerning the Use of District Recreational Facilities by Outside Users – 2021 Season (the Outside User Resolution). The Outside User Resolution limits the number of memberships from users outside the District's and Cielo MD's respective boundaries to 25 households and sets the annual fee for outside users for the 2021 season at \$950 per household.

SUPPLEMENTARY INFORMATION

**STONE CREEK METROPOLITAN DISTRICT
DEBT SERVICE 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	\$ 290,290	\$ 283,026	\$ (7,264)
Specific Ownership Taxes	26,125	25,040	(1,085)
Net Investment Income	19,000	4,465	(14,535)
Total Revenues	<u>335,415</u>	<u>312,531</u>	<u>(22,884)</u>
EXPENDITURES			
County Treasurer's Fee	4,354	4,245	109
Paying Agent Fee	6,000	6,000	-
Bond Interest	465,469	465,469	-
Contingency	4,177	-	4,177
Total Expenditures	<u>480,000</u>	<u>475,714</u>	<u>4,286</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(144,585)	(163,183)	(18,598)
OTHER FINANCING SOURCES (USES)			
Transfer from Other Fund	-	209	209
Total Other Financing Sources (Uses)	<u>-</u>	<u>209</u>	<u>209</u>
NET CHANGE IN FUND BALANCE	(144,585)	(162,974)	(18,389)
Fund Balance - Beginning of Year	<u>1,357,497</u>	<u>1,353,330</u>	<u>(4,167)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,212,912</u>	<u>\$ 1,190,356</u>	<u>\$ (22,556)</u>

**STONE CREEK 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			
Developer Advance	\$ 52,000	\$ 16,066	\$ (35,934)
Developer Advance - Certified Costs	5,200,000	-	(5,200,000)
Total Revenues	<u>5,252,000</u>	<u>16,066</u>	<u>(5,235,934)</u>
EXPENDITURES			
General and Administration			
Construction Oversight/ Administration	50,000	35,110	14,890
Legal	2,000	-	2,000
Capital Outlay			
Public Improvements	5,200,000	-	5,200,000
Total Expenditures	<u>5,252,000</u>	<u>35,110</u>	<u>5,216,890</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(19,044)	(19,044)
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	-	(209)	(209)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(209)</u>	<u>(209)</u>
NET CHANGE IN FUND BALANCE	-	(19,253)	(19,253)
Fund Balance - Beginning of Year	<u>-</u>	<u>(13,667)</u>	<u>(13,667)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (32,920)</u>	<u>\$ (32,920)</u>

OTHER INFORMATION

**STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2020**

\$8,275,000 General Obligation Bonds,
Limited Tax
Series 2018A
Interest Rate 5.625%
Payable June 1 and December 1
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 465,469	\$ 465,469
2022	10,000	465,469	475,469
2023	95,000	464,906	559,906
2024	110,000	459,563	569,563
2025	115,000	453,375	568,375
2026	135,000	446,906	581,906
2027	140,000	439,313	579,313
2028	160,000	431,438	591,438
2029	170,000	422,438	592,438
2030	195,000	412,875	607,875
2031	205,000	401,906	606,906
2032	225,000	390,375	615,375
2033	240,000	377,719	617,719
2034	265,000	364,219	629,219
2035	280,000	349,313	629,313
2036	310,000	333,563	643,563
2037	325,000	316,125	641,125
2038	360,000	297,844	657,844
2039	380,000	277,594	657,594
2040	410,000	256,219	666,219
2041	435,000	233,156	668,156
2042	475,000	208,688	683,688
2043	500,000	181,969	681,969
2044	540,000	153,844	693,844
2045	570,000	123,469	693,469
2046	620,000	91,406	711,406
2047	1,005,000	56,531	1,061,531
Total	<u>\$ 8,275,000</u>	<u>\$ 8,875,692</u>	<u>\$ 17,150,692</u>

**STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 63,700	50.000	0.000	\$ 3,185	\$ 3,185	100.00 %
2017	63,700	10.000	50.000	3,822	3,822	100.00
2018	70,780	10.000	55.277	4,621	4,620	99.98
2019	58,150	11.055	55.277	3,857	3,857	100.00
2020	5,215,040	11.132	55.664	348,344	339,627	97.50
Estimated for Year Ending December 31, 2021	\$ 6,607,040	11.132	55.664	\$ 441,324		

Note:

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

Exhibit B
(2021 Budget)

RESOLUTION NO. 2020 - 11 - 02

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STONE CREEK
METROPOLITAN DISTRICT
TO ADOPT THE 2021 BUDGET AND APPROPRIATE SUMS OF MONEY**

WHEREAS, the Board of Directors of the Stone Creek Metropolitan District ("District") has appointed the District Accountant to prepare and submit a proposed 2021 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2020, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 18, 2020, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Stone Creek Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Stone Creek Metropolitan District for the 2021 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 18th day of November, 2020.

Peggy Ripko

Secretary



EXHIBIT A
(Budget)

STONE CREEK METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

**STONE CREEK METROPOLITAN DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	1,768,584	\$ 1,385,958	\$ 1,238,110
REVENUES			
Property taxes	3,857	348,345	441,324
Specific ownership taxes	387	27,000	35,306
Interest income	31,840	6,001	5,700
Developer advance	140,995	89,159	101,066
Developer advances - certified costs	1,621,698	-	-
O&M fee	77,664	9,500	276,360
Administrative fee	-	2,700	30,200
Total revenues	<u>1,876,441</u>	<u>482,705</u>	<u>889,956</u>
Total funds available	<u>3,645,025</u>	<u>1,868,663</u>	<u>2,128,066</u>
EXPENDITURES			
General and administrative	95,959	86,730	130,000
Operations and maintenance	19,452	30,500	164,958
Clubhouse facility	-	-	88,250
Debt service	471,518	475,823	480,000
Capital outlay	1,672,138	37,500	50,000
Total expenditures	<u>2,259,067</u>	<u>630,553</u>	<u>913,208</u>
Total expenditures and transfers out requiring appropriation	<u>2,259,067</u>	<u>630,553</u>	<u>913,208</u>
ENDING FUND BALANCES	<u>\$ 1,385,958</u>	<u>\$ 1,238,110</u>	<u>\$ 1,214,858</u>
EMERGENCY RESERVE	\$ 100	\$ 1,900	\$ 2,400
RESERVE FOR FACILITY REPAIRS & MAINTENANCE	-	5,000	5,000
CAPITALIZED INTEREST FUND	638,460	172,991	-
DEBT SERVICE RESERVE FUND	350,000	350,000	350,000
SURPLUS FUND	364,870	673,307	769,194
TOTAL RESERVE	<u>\$ 1,353,430</u>	<u>\$ 1,203,198</u>	<u>\$ 1,126,594</u>

No assurance provided. See summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION			
Residential	\$ 35,040	\$ 42,260	\$ 261,190
Commercial	-	-	51,620
Vacant land	18,390	5,172,450	6,293,900
Natural Resources	330	330	330
Certified Assessed Value	<u>\$ 58,150</u>	<u>\$ 5,215,040</u>	<u>\$ 6,607,040</u>
MILL LEVY			
General	11.055	11.132	11.132
Debt Service	55.277	55.664	55.664
Total mill levy	<u>66.332</u>	<u>66.796</u>	<u>66.796</u>
PROPERTY TAXES			
General	\$ 643	\$ 58,054	\$ 73,550
Debt Service	3,214	290,290	367,774
Levied property taxes	<u>3,858</u>	<u>348,344</u>	<u>441,324</u>
Adjustments to actual/rounding	(1)	1	-
Budgeted property taxes	<u>\$ 3,857</u>	<u>\$ 348,345</u>	<u>\$ 441,324</u>
BUDGETED PROPERTY TAXES			
General	\$ 643	\$ 58,054	\$ 73,550
Debt Service	3,214	290,291	367,774
	<u>\$ 3,858</u>	<u>\$ 348,345</u>	<u>\$ 441,324</u>

No assurance provided. See summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ (15,157)	\$ (11,917)	\$ 1,900
REVENUES			
Property taxes	643	58,054	73,550
Specific ownership taxes	64	4,500	5,884
Interest income	14	-	-
Developer advance	98,478	37,993	51,066
Total revenues	99,199	100,547	130,500
Total funds available	84,042	88,630	132,400
EXPENDITURES			
General and administrative			
Accounting	31,150	30,000	35,000
Audit	4,250	4,250	5,000
County Treasurer's fee	10	871	1,103
Dues	465	465	500
Insurance	5,065	4,801	6,000
District management	16,930	15,000	22,000
Legal	37,395	30,000	50,000
Miscellaneous	694	100	1,000
Election	-	1,243	-
Contingency	-	-	9,397
Total expenditures	95,959	86,730	130,000
Total expenditures and transfers out requiring appropriation	95,959	86,730	130,000
ENDING FUND BALANCE	\$ (11,917)	\$ 1,900	\$ 2,400
EMERGENCY RESERVE	\$ 100	\$ 1,900	\$ 2,400
TOTAL RESERVE	\$ 100	\$ 1,900	\$ 2,400

No assurance provided. See summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
FEE REVENUE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ 58,212	\$ 39,912
REVENUES			
O&M Fee	77,664	9,500	276,360
Administrative fee	-	2,700	30,200
Total revenues	<u>77,664</u>	<u>12,200</u>	<u>306,560</u>
Total funds available	<u>77,664</u>	<u>70,412</u>	<u>346,472</u>
EXPENDITURES			
Operations and Maintenance			
Accounting	1,234	-	-
Administrative expenses	-	-	5,000
Cluster boxes	-	-	1,500
Billing & collection	-	-	5,000
Community management	6,768	3,500	18,000
Fence maintenance	-	-	2,500
Gas/electricity	-	-	1,000
Grounds Maintenance	-	17,000	-
Irrigation repairs	-	-	7,500
Landscape contract	-	-	25,000
Legal	11,450	5,500	5,000
Lighting	-	-	1,000
Monuments	-	-	2,500
Native area maintenance	-	-	5,000
Prairie dog mitigation	-	-	2,500
Shared amenity fee	-	-	22,133
Snow removal	-	-	15,000
Social activities	-	-	6,000
Trash removal	-	1,000	10,000
Water	-	3,500	20,000
Contingency	-	-	10,325
Clubhouse Facility			
Clubhouse repairs	-	-	2,500
Cleaning supplies	-	-	1,250
Cleaning contract	-	-	5,000
Fitness equipment lease	-	-	12,000
Gas/ Electric	-	-	4,000
Insurance	-	-	5,000
Legal	-	-	1,000
Lighting maintenance	-	-	750
Phone/IT	-	-	2,250
Pool chemicals	-	-	5,000
Pool maintenance	-	-	25,000
Pool lighting	-	-	1,000
Trash removal	-	-	1,000
Snow removal	-	-	2,500
Water and sewer	-	-	20,000
Total expenditures	<u>19,452</u>	<u>30,500</u>	<u>253,208</u>
Total expenditures and transfers out requiring appropriation	<u>19,452</u>	<u>30,500</u>	<u>253,208</u>
ENDING FUND BALANCE	<u>\$ 58,212</u>	<u>\$ 39,912</u>	<u>\$ 93,264</u>
RESERVE FOR FACILITY REPAIRS & MAINTENANCE	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

No assurance provided. See summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 1,789,489	\$ 1,353,330	\$ 1,196,298
REVENUES			
Property taxes	3,214	290,291	367,774
Specific ownership taxes	323	22,500	29,422
Interest income	31,822	6,000	5,700
Total revenues	<u>35,359</u>	<u>318,791</u>	<u>402,896</u>
Total funds available	<u>1,824,848</u>	<u>1,672,121</u>	<u>1,599,194</u>
EXPENDITURES			
Debt Service			
Bond interest	465,469	465,469	465,469
County Treasurer's fee	49	4,354	5,517
Paying agent fees	6,000	6,000	6,000
Contingency	-	-	3,014
Total expenditures	<u>471,518</u>	<u>475,823</u>	<u>480,000</u>
Total expenditures and transfers out requiring appropriation	<u>471,518</u>	<u>475,823</u>	<u>480,000</u>
ENDING FUND BALANCE	<u>\$ 1,353,330</u>	<u>\$ 1,196,298</u>	<u>\$ 1,119,194</u>
Capitalized Interest Fund	\$ 638,460	\$ 172,991	\$ -
Debt Service Reserve Fund (Required: \$350,000)	350,000	350,000	350,000
Surplus Fund (Maximum: \$1,241,250)	364,870	673,307	769,194
TOTAL RESERVE	<u>\$ 1,353,330</u>	<u>\$ 1,196,298</u>	<u>\$ 1,119,194</u>

No assurance provided. See summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ (5,748)	\$ (13,667)	\$ -
REVENUES			
Interest income	4	1	-
Developer advance	42,517	51,166	50,000
Developer advances - certified costs	1,621,698	-	-
Total revenues	1,664,219	51,167	50,000
Total funds available	1,658,471	37,500	50,000
EXPENDITURES			
Capital Outlay			
Capital outlay	1,621,698	-	-
Construction Oversight / Administration	49,248	37,500	50,000
Legal	1,192	-	-
Total expenditures	1,672,138	37,500	50,000
Total expenditures and transfers out requiring appropriation	1,672,138	37,500	50,000
ENDING FUND BALANCE	\$ (13,667)	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized on December 15, 2014 to provide financing for the design, acquisition, construction, installation, relocation, operation and maintenance of essential public-purpose facilities such as water, sanitation, streets, safety protection, park and recreation, transportation, mosquito control, and covenant control. The District will serve the public improvement needs of Stone Creek Ranch which is generally located at Scott Road and State Highway 83 (Parker Road) in Douglas County, Colorado.

Under the Service Plan, the District will provide essential public improvements and services for a new residential community located entirely within Douglas County. The District may, with agreement by the County, engage in other activities. The property in the District is anticipated to be developed consistent with the terms, requirements, and provisions of a Development Agreement.

On November 4, 2014, the District's electorate authorized general obligation debt in the total amount of \$234,000,000. The District's Service Plan limits the amount of debt issuance to \$18,000,000. A maximum total mill levy of 60 mills as adjusted is authorized to support debt service and operations and maintenance. A maximum debt mill levy of 50 mills as adjusted is authorized to support debt service, subject to the limitation of the maximum total mill levy. The maximum operations and maintenance mill levy of 10 mills as adjusted is anticipated to initially support the District's operating costs.

The District anticipates to receive Developer advances to fund initial operating and administrative expenditures until other revenues are available to the District. Construction of certain public improvements within the boundaries of the District is expected to be financed by Developer advances until bonded debt is issued.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**STONE CREEK METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

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.

Under the Service Plan, the District is limited to the imposition of a mill levy in an amount not to exceed 60 mills, 10 mills for operations and maintenance and 50 mills for debt services; provided, however, that in the event the method of calculating assessed valuation is changed after the date of approval of the Service Plan, the mill levy limitation provided for the District will be automatically increased or decreased so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. On September 23, 2014, the date the Service Plan was approved, the ratio of actual valuation to assessed valuation for residential property was 7.96%, and currently the ratio is at 7.15%. Due to this ratio change, the District's debt service mill levy was increased to 55.664 mills and the general mill levy was increased to 11.132 mills.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.5%.

District Fees

To pay for costs associated with operating and maintaining District improvements, and to meet the costs of providing essential services, the District has determined that it is necessary to impose District Fees in the form of an Operation and Maintenance Fee (O&M Fee) and Administrative Fee on each lot and/or single family residential dwelling unit. The amount of District Fee is anticipated to be (i) based upon the completion of two neighborhood parks and the clubhouse facility, (ii) charged monthly, and (iii) payable quarterly.

**STONE CREEK METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Developer Advances

The District is in the development stage. As such, a significant portion of the District's capital, operating, and administrative expenditures will be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds (if applicable) and other legally available revenues.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

General, Administrative, Operations and Maintenance

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses. The Fee Revenue Fund budget also include budgeted expenditures for the operations and maintenance of the grounds within the District (e.g. utilities, snow removal, repairs, trash, etc.)

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

The District issued the General Obligation Limited Tax Bonds Series 2018A ("Senior Bonds") and the Subordinate General Obligation Limited Tax Bonds Series 2018B ("Subordinate Bonds") (collectively, the "Bonds") on March 6, 2018, in the amounts of \$8,275,000 and \$1,195,000, respectively. Proceeds from the sale of the Bonds were used to: (i) fund and reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements and paying other costs in connection with the Bonds, and (ii) with respect to proceeds of the Senior Bonds only: (a) fund the Senior Reserve Fund; (b) fund capitalized interest on the Senior Bonds; and, (c) make a deposit to the Surplus Fund.

The Senior Bonds bear interest at 5.625% and are payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2022. The Senior Bonds mature on December 1, 2047.

**STONE CREEK METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Subordinate Bonds were issued at the rate of 7.875% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2047. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. All of the Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on December 16, 2057 (the "Termination Date"), regardless of the amount of principal and interest paid prior to the Termination Date.

The Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund and in the Surplus Fund. The Senior Reserve Fund was funded from Senior Bond proceeds in the amount of \$350,000. The Surplus Fund was funded from an initial deposit of \$350,000 from Senior Bonds proceeds and from available Senior Pledged Revenue, if any, in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$1,241,250.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.

**STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$8,275,000 General Obligation Bonds Limited Tax Series 2018A Interest Rate of 5.625% Payable December 1 Principal Due December 1		
	Principal	Interest	Total
2021	\$ -	\$ 465,469	\$ 465,469
2022	10,000	465,469	475,469
2023	95,000	464,906	559,906
2024	110,000	459,563	569,563
2025	115,000	453,375	568,375
2026	135,000	446,906	581,906
2027	140,000	439,313	579,313
2028	160,000	431,438	591,438
2029	170,000	422,438	592,438
2030	195,000	412,875	607,875
2031	205,000	401,906	606,906
2032	225,000	390,375	615,375
2033	240,000	377,719	617,719
2034	265,000	364,219	629,219
2035	280,000	349,313	629,313
2036	310,000	333,563	643,563
2037	325,000	316,125	641,125
2038	360,000	297,844	657,844
2039	380,000	277,594	657,594
2040	410,000	256,219	666,219
2041	435,000	233,156	668,156
2042	475,000	208,688	683,688
2043	500,000	181,969	681,969
2044	540,000	153,844	693,844
2045	570,000	123,469	693,469
2046	620,000	91,406	711,406
2047	1,005,000	56,531	1,061,531
	\$ 8,275,000	\$ 8,875,692	\$ 17,150,692

No assurance provided. See summary of significant assumptions.

**Stone Creek Metropolitan District
Subordinate Bonds and Developer Advances Payable**

	Balance at December 31, 2019	Additions*	Payments*	Balance at December 31, 2020*
2018B Subordinate Bonds	\$ 1,195,000	\$ -	\$ -	\$ 1,195,000
Developer advance payable	9,235,175	89,159	-	9,324,334
Accrued interest on advances	783,541	754,182	-	1,537,723
	<u>\$ 11,213,716</u>	<u>\$ 843,341</u>	<u>\$ -</u>	<u>\$ 12,057,057</u>
	Balance at December 31, 2020*	Additions*	Payments*	Balance at December 31, 2021*
2018B Subordinate Bonds	\$ 1,195,000	\$ -	\$ -	\$ 1,195,000
Developer advance payable	9,324,334	101,066	-	9,425,400
Accrued interest on advances	1,537,723	760,957	-	2,298,680
	<u>\$ 12,057,057</u>	<u>\$ 862,023</u>	<u>\$ -</u>	<u>\$ 12,919,080</u>

*Estimated amounts

RESOLUTION NO. 2020 - 11 - 03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STONE CREEK
METROPOLITAN DISTRICT
TO SET MILL LEVIES**

WHEREAS, the Board of Directors of the Stone Creek Metropolitan District (“District”) has adopted the 2021 annual budget in accordance with the Local Government Budget Law on November 18, 2020; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2021 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Stone Creek Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2021 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2021 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Douglas County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 18th day of November, 2020.

Peggy Ripko

Secretary



EXHIBIT A
(Certification of Tax Levies)

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of DOUGLAS COUNTY, Colorado.

On behalf of the STONE CREEK METRO DISTRICT,
(taxing entity)^A

the BOARD OF DIRECTORS
(governing body)^B

of the STONE CREEK METRO DISTRICT
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 6,607,040 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 6,607,040 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/02/2020 for budget/fiscal year 2021.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	11.132 mills	\$ 73,550
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	11.132 mills	\$ 73,550
3. General Obligation Bonds and Interest ^J	55.664 mills	\$ 367,774
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	66.796 mills	\$441,324

Contact person: Gigi Pangindian Daytime phone: (303) 779-5710
(print)

Signed: Gigi Pangindian Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	Public Infrastructure
	Series:	General Obligation Limited Tax Bonds Series 2018A
	Date of Issue:	March 6, 2018
	Coupon Rate:	5.625 %
	Maturity Date:	December 1, 2047
	Levy:	55.664
	Revenue:	\$367,774
2.	Purpose of Issue:	Public Infrastructure
	Series:	Subordinate General Obligation Limited Tax Bonds Series 2018B
	Date of Issue:	March 6, 2018
	Coupon Rate:	7.875%
	Maturity Date:	December 15, 2047
	Levy:	0.000
	Revenue:	\$0

CONTRACTS^K:

3.	Purpose of Contract:	_____
	Title:	_____
	Date:	_____
	Principal Amount:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____
4.	Purpose of Contract:	_____
	Title:	_____
	Date:	_____
	Principal Amount:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Exhibit C
(Certification for 2020 Assessed Valuation)

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: **4565 - Stone Creek Metro District**

IN DOUGLAS COUNTY ON 11/19/2020

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,215,040
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$6,607,040
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$6,607,040
5. NEW CONSTRUCTION: **	\$210,820
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2020

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$25,357,181
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$2,226,573
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
<small>(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)</small>	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2020

Data Date: 11/19/2020