

## STONE CREEK METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
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September 3, 2020

[recording@douglas.co.us](mailto:recording@douglas.co.us)

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

RE: Stone Creek Metropolitan District  
2019 Annual Report

Town Officials:

Attached is the 2019 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 [rnavant@sdmsi.com](mailto:rnavant@sdmsi.com).

Sincerely,

Robin Navant  
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 September, 2020.

Douglas County

By: \_\_\_\_\_

## **STONE CREEK METROPOLITAN DISTRICT**

### **2019 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, 2019 to December 31, 2019 is hereby submitted:

I. Description of Districts - General Information

a. Board members, officers' titles, and terms as of December 31, 2019:

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

**Peter J. Klymkow, Treasurer, Term: May, 2020**

**Shawnee Williams, Assistant Secretary, Term-May, 2020**

**Eric Kubly, Assistant Secretary, Term: May, 2022**

**Mauricio "Morris" Barbera, Assistant Secretary, Term: May, 2020**

b. Changes in board membership in past year:

**Peter Klymkow held two positions, Secretary and Treasurer. At the March 27, 2019 meeting, Lisa A. Johnson was appointed Secretary to the Board of Directors with Peter Klymkow retaining the Treasurer position. There were no changes in Board membership.**

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: **None.**

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 Fifth Amendment dated October 23, 2019 (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 2023.**
- 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, 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 in spring 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 sixteen (16). It is estimated that in the next five-(5) years a 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, 28 sold, 7 occupied
  - Village B, Richmond, 12 sold, 0 occupied
  - Village C, TM, 51 sold, 6 occupied
  - Village D, Richmond, 48 sold, 3 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 2019 Audit is attached hereto as Exhibit A.**

- b. Provide a copy of the budget, showing the reporting and previous years: **The 2020 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 2019 Audit, (attached as Exhibit A), and 2020 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 2019 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 2019 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 2019. 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 2019 Certification of Valuation by Douglas County Assessor is attached hereto as Exhibit C. The 2015-2018 Assessed Valuations of the District are attached to the 2015, 2016, 2017, and 2018 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. **Not Applicable.**

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 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) Mills and a Maximum Operations & Maintenance Mill Levy of ten (10 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 2019, the District certified a mill levy of 11.132 mills for operations and maintenance and 55.664 ,ills 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 2019.**

**Exhibit A**  
**(2019 Audit)**

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2019**

**STONE CREEK METROPOLITAN DISTRICT  
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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, 2019, 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, 2019, 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.

*Wipfli LLP*  
*Lakewood, Colorado*

July 29, 2020

## **BASIC FINANCIAL STATEMENTS**

**STONE CREEK METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 61,266
Cash and Investments - Restricted	1,356,365
Prepaid Expenses	400
Receivable - County Treasurer	35
Property Taxes Receivable	348,344
Capital Assets, Not Being Depreciated:	
Construction in Progress	<u>15,702,723</u>
Total Assets	<u>17,469,133</u>
<b>LIABILITIES</b>	
Accounts Payable	32,108
Accrued Interest Payable	215,754
Noncurrent Liabilities:	
Due in More Than One Year	<u>19,488,716</u>
Total Liabilities	<u>19,736,578</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>348,344</u>
Total Deferred Inflows of Resources	<u>348,344</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	100
Unrestricted	<u>(2,615,889)</u>
Total Net Position	<u><u>\$ (2,615,789)</u></u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General Government	\$ 165,851	\$ 77,664	\$ -	\$ -	\$ (88,187)
Interest and Related Costs on Long-Term Debt	<u>1,344,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,344,377)</u>
Total Governmental Activities	<u><u>\$ 1,510,228</u></u>	<u><u>\$ 77,664</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(1,432,564)</u>
<b>GENERAL REVENUES</b>					
Property Taxes					3,857
Specific Ownership Taxes					387
Net Investment Income					<u>31,840</u>
Total General Revenues					<u>36,084</u>
<b>CHANGE IN NET POSITION</b>					(1,396,480)
Net Position - Beginning of Year					<u>(1,219,309)</u>
<b>NET POSITION - END OF YEAR</b>					<u><u>\$ (2,615,789)</u></u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Fee Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 1,355	\$ 59,911	\$ -	\$ -	\$ 61,266
Cash and Investments - Restricted	100	-	1,355,728	537	1,356,365
Due From Other Funds	2,427	-	-	-	2,427
Prepaid Expenses	400	-	-	-	400
Receivable - County Treasurer	6	-	29	-	35
Property Taxes Receivable	58,054	-	290,290	-	348,344
Total Assets	<u>\$ 62,342</u>	<u>\$ 59,911</u>	<u>\$ 1,646,047</u>	<u>\$ 537</u>	<u>\$ 1,768,837</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 16,205	\$ 1,699	\$ -	\$ 14,204	\$ 32,108
Due To Other Funds	-	-	2,427	-	2,427
Total Liabilities	<u>16,205</u>	<u>1,699</u>	<u>2,427</u>	<u>14,204</u>	<u>34,535</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Tax Revenue	58,054	-	290,290	-	348,344
Total Deferred Inflows of Resources	<u>58,054</u>	<u>-</u>	<u>290,290</u>	<u>-</u>	<u>348,344</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid Expenses	400	-	-	-	400
Restricted:					
Emergency Reserves	100	-	-	-	100
Debt Service	-	-	1,353,330	-	1,353,330
Committed:					
Operations and Maintenance	-	58,212	-	-	58,212
Unassigned	(12,417)	-	-	(13,667)	(26,084)
Total Fund Balances	<u>(11,917)</u>	<u>58,212</u>	<u>1,353,330</u>	<u>(13,667)</u>	<u>1,385,958</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 62,342</u>	<u>\$ 59,911</u>	<u>\$ 1,646,047</u>	<u>\$ 537</u>	

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

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 (215,754)  
Developer Advances Payable (9,235,175)  
Accrued Interest on Developer Advances (783,541)

Net Position of Governmental Activities \$ (2,615,789)

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, 2019**

	General	Fee Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 643	\$ -	\$ 3,214	\$ -	\$ 3,857
Specific Ownership Taxes	64	-	323	-	387
Net Investment Income	14	-	31,822	4	31,840
District Fees	-	77,664	-	-	77,664
Total Revenues	721	77,664	35,359	4	113,748
<b>EXPENDITURES</b>					
General, Administrative, Operations and Maintenance					
Accounting	31,150	1,234	-	-	32,384
Audit	4,250	-	-	-	4,250
County Treasurer Fee	10	-	49	-	59
District Management	16,930	-	-	-	16,930
Dues	465	-	-	-	465
Insurance	5,065	-	-	-	5,065
Legal	37,395	11,450	-	1,192	50,037
Miscellaneous	694	-	-	-	694
Construction Oversight/ Administration	-	-	-	49,248	49,248
Community Management	-	6,768	-	-	6,768
Debt Service					
Paying Agent Fee	-	-	6,000	-	6,000
Bond Interest	-	-	465,469	-	465,469
Capital Outlay	-	-	-	1,621,698	1,621,698
Total Expenditures	95,959	19,452	471,518	1,672,138	2,259,067
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(95,238)	58,212	(436,159)	(1,672,134)	(2,145,319)
<b>OTHER FINANCING SOURCES (USES)</b>					
Developer Advances	98,478	-	-	42,517	140,995
Developer Advances - Certified Costs	-	-	-	1,621,698	1,621,698
Total Other Financing Sources (Uses)	98,478	-	-	1,664,215	1,762,693
<b>NET CHANGE IN FUND BALANCES</b>	3,240	58,212	(436,159)	(7,919)	(382,626)
Fund Balances - Beginning of Year	(15,157)	-	1,789,489	(5,748)	1,768,584
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (11,917)</u>	<u>\$ 58,212</u>	<u>\$ 1,353,330</u>	<u>\$ (13,667)</u>	<u>\$ 1,385,958</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ (382,626)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 1,621,698

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of 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 (1,762,693)

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 Advances - Change in Liability (695,894)

Accrued Interest on Bonds - Change in Liability (176,965) (872,859)

Change in Net Position of Governmental Activities \$ (1,396,480)



**STONE CREEK METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 643	\$ 643	\$ -
Specific Ownership Taxes	64	64	-
Net Investment Income	-	14	14
Total Revenues	<u>707</u>	<u>721</u>	<u>14</u>
<b>EXPENDITURES</b>			
General and Administration			
Accounting	35,000	31,150	3,850
Audit	10,000	4,250	5,750
County Treasurer Fee	10	10	-
District Management	22,000	16,930	5,070
Dues	600	465	135
Insurance	4,500	5,065	(565)
Legal	44,000	37,395	6,605
Miscellaneous	500	694	(194)
Contingency	4,817	-	4,817
Total Expenditures	<u>121,427</u>	<u>95,959</u>	<u>25,468</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(120,720)	(95,238)	25,482
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	120,720	98,478	(22,242)
Total Other Financing Sources (Uses)	<u>120,720</u>	<u>98,478</u>	<u>(22,242)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	3,240	3,240
Fund Balance - Beginning of Year	<u>100</u>	<u>(15,157)</u>	<u>(15,057)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 100</u>	<u>\$ (11,917)</u>	<u>\$ (11,817)</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, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
District Fees	\$ 103,100	\$ 77,664	\$ (25,436)
Administrative Fee	7,200	-	(7,200)
Total Revenues	110,300	77,664	(32,636)
<b>EXPENDITURES</b>			
Operations and Maintenance			
Accounting	-	1,234	(1,234)
Administrative Expenses	5,000	-	5,000
Cluster Boxes	1,500	-	1,500
Community Management	12,000	6,768	5,232
Gas/Electricity	1,000	-	1,000
Irrigation Repairs	5,000	-	5,000
Legal	-	11,450	(11,450)
Lighting	1,000	-	1,000
Monuments	2,500	-	2,500
Prairie Dog Mitigation	5,000	-	5,000
Shared Amenity Fee	432	-	432
Snow Removal	7,000	-	7,000
Trash Removal	12,924	-	12,924
Water	7,000	-	7,000
Clubhouse Facility			
Cleaning Contract	5,000	-	5,000
Cleaning Supplies	2,500	-	2,500
Clubhouse Repairs	1,000	-	1,000
Fitness Equipment Lease	12,000	-	12,000
Gas/Electricity	2,000	-	2,000
Insurance	5,000	-	5,000
Legal	1,000	-	1,000
Lighting Maintenance	5,000	-	5,000
Phone/IT	2,000	-	2,000
Snow Removal	2,500	-	2,500
Trash Removal	1,000	-	1,000
Water and Sewer	5,000	-	5,000
Total Expenditures	104,356	19,452	84,904
<b>NET CHANGE IN FUND BALANCE</b>	5,944	58,212	52,268
Fund Balance - Beginning of Year	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,944</u>	<u>\$ 58,212</u>	<u>\$ 52,268</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019**

**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 home owners 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, 2019**

**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, 2019**

**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, 2019. It is anticipated that the deficit will be eliminated with the receipt of funds advanced by the Developer in 2020.

**STONE CREEK METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 61,266
Cash and Investments - Restricted	1,356,365
Total Cash and Investments	<u>\$ 1,417,631</u>

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 61,751
Investments	1,355,880
Total Cash and Investments	<u>\$ 1,417,631</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District's cash deposits had a bank and carrying balance of \$61,751.

**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, 2019**

**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, 2019, 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>\$ 1,355,880</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, 2019**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in the Districts' capital assets for the year ended December 31, 2019 follows:

	Balance - December 31, 2018	Additions	Reductions/ Reclassifications	Balance - December 31, 2019
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 14,081,025	\$ 1,621,698	\$ -	\$ 15,702,723
Total Capital Assets, Not Being Depreciated	<u>\$ 14,081,025</u>	<u>\$ 1,621,698</u>	<u>\$ -</u>	<u>\$ 15,702,723</u>

Upon completion and acceptance, 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, 2019:

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019	Due Within One Year
2018A Senior Bonds	\$ 8,275,000	\$ -	\$ -	\$ 8,275,000	\$ -
2018B Subordinate Bonds	1,195,000	-	-	1,195,000	-
Developer Advances	7,472,482	1,762,693	-	9,235,175	-
Accrued Interest on Developer Advances	87,647	695,894	-	783,541	-
Total	<u>\$ 17,030,129</u>	<u>\$ 2,458,587</u>	<u>\$ -</u>	<u>\$ 19,488,716</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, 2019**

**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 Senior 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 Bond 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, 2019**

**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 monies 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 monies 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 monies 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 2018A Senior Bonds 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, 2019**

**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 2018B Subordinate Bonds 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**

Amounts 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 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, 2019, was \$361,761.

**STONE CREEK METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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>
2020	\$ -	\$ 465,469	\$ 465,469
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
2025-2029	720,000	2,193,470	2,913,470
2030-2034	1,130,000	1,947,094	3,077,094
2035-2039	1,655,000	1,574,439	3,229,439
2040-2044	2,360,000	1,033,876	3,393,876
2045-2047	2,195,000	271,406	2,466,406
Total	<u>\$ 8,275,000</u>	<u>\$ 9,341,161</u>	<u>\$ 17,616,161</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, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount</u>	<u>Authorization</u>	<u>Authorization</u>	<u>Authorized</u>
	<u>Authorized on</u>	<u>Used for</u>	<u>Used for</u>	<u>But</u>
	<u>November 4, 2014</u>	<u>2018A</u>	<u>2018B</u>	<u>Unissued</u>
		<u>Bonds</u>	<u>Bonds</u>	
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, 2019**

**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, 2019, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	\$ 100
Total Restricted Net Position	<u>\$ 100</u>

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 costs of issuing and interest paid to date on the Bonds.

**NOTE 7 AGREEMENTS**

**Operation Funding Agreement**

Effective as of December 15, 2014, and amended most recently on February 26, 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 \$352,000, on a periodic basis as needed for the fiscal years 2014-2020 (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, 2019**

**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, 2020, 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, 2049. In the event the District has not reimbursed the Developer for any Operations Advances on or before December 31, 2049, 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, 2019, \$285,043 had been advanced under the OFA. Accrued interest totaled \$29,114 as of December 31, 2019.

**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, 2019**

**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, 2019, \$8,950,132 had been advanced under the FAA. Accrued interest totaled \$754,428 as of December 31, 2019.

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. (Clubhouse Funding, Construction and Operations Agreement). The Clubhouse Funding, Construction and Operations Agreements sets 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. Pursuant to the Clubhouse Funding, Construction and Operations Agreement, the Developer will construct or cause construction of the Clubhouse Improvements and the District will acquire the Clubhouse Improvements and operate and maintain same. The Clubhouse Operation and Maintenance Costs (as defined in the Clubhouse Funding, Construction and Operations Agreement) shall be allocated among the District and Cielo in proportion to the benefits such Clubhouse Improvements will provide to each district, which the districts hereby acknowledge and agree to be calculated by dividing the number of residential units within the boundaries of each respective district.



**STONE CREEK METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 non-profit 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, pursuant to which the District limited the number of memberships of outside users, which is defined as a non-resident of, or non-property 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.

**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, 2019**

**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, 2019**

**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. d/b/a 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, 2019**

**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, 2019, the District determined its required emergency reserve to be approximately \$100.

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

## **SUPPLEMENTARY INFORMATION**

**STONE CREEK METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 3,214	\$ 3,214	\$ -
Specific Ownership Taxes	321	323	2
Net Investment Income	23,000	31,822	8,822
Total Revenues	26,535	35,359	8,824
<b>EXPENDITURES</b>			
County Treasurer's Fee	50	49	1
Paying Agent Fee	8,000	6,000	2,000
Bond Interest	465,469	465,469	-
Total Expenditures	473,519	471,518	2,001
<b>NET CHANGE IN FUND BALANCE</b>	(446,984)	(436,159)	10,825
Fund Balance - Beginning of Year	1,794,483	1,789,489	(4,994)
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,347,499</u>	<u>\$ 1,353,330</u>	<u>\$ 5,831</u>

**STONE CREEK METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ -	\$ 4	\$ 4
Total Revenues	<u>-</u>	<u>4</u>	<u>4</u>
<b>EXPENDITURES</b>			
General and Administration			
Construction Oversight/ Administration	45,000	49,248	(4,248)
Legal	-	1,192	(1,192)
Capital Outlay			
Public Improvements	9,623,041	-	9,623,041
Parks and Recreation	-	244,488	(244,488)
Sanitary Sewer	-	84,115	(84,115)
Streets	-	1,020,871	(1,020,871)
Stormwater	-	165,013	(165,013)
Water	-	107,211	(107,211)
Total Expenditures	<u>9,668,041</u>	<u>1,672,138</u>	<u>7,995,903</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(9,668,041)	(1,672,134)	7,995,907
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	-	42,517	42,517
Developer Advances - Certified Costs	9,668,041	1,621,698	(8,046,343)
Total Other Financing Sources (Uses)	<u>9,668,041</u>	<u>1,664,215</u>	<u>(8,003,826)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(7,919)	(7,919)
Fund Balance - Beginning of Year	<u>-</u>	<u>(5,748)</u>	<u>(5,748)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (13,667)</u>	<u>\$ (13,667)</u>

## **OTHER INFORMATION**



**STONE CREEK METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
YEAR ENDED DECEMBER 31, 2019**

\$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>
2020	\$ -	\$ 465,469	\$ 465,469
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>\$ 9,341,161</u>	<u>\$ 17,616,161</u>

**STONE CREEK METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2019**

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
Estimated for Year Ending December 31, 2020	\$ 5,215,040	11.132	55.664	\$ 348,344		

**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**  
**(2020 Budget)**

## Accountant's Compilation Report

Board of Directors  
Stone Creek Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Stone Creek Metropolitan District for the year ending December 31, 2020, including the estimate of comparative information for the year ended December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Stone Creek Metropolitan District.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 30, 2020

**STONE CREEK METROPOLITAN DISTRICT  
SUMMARY  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ (62,335)	\$ 1,768,584	\$ 1,420,261
REVENUES			
Property taxes	4,620	3,857	348,344
Specific ownership taxes	489	376	31,350
Interest income	52,602	36,014	19,000
Developer advance	212,219	165,966	120,521
Developer advances - certified costs	7,207,510	5,069,713	5,200,000
Bond issuance	9,470,000	-	-
Other revenue	24	-	-
O&M fee	-	77,664	103,100
Administrative fee	-	-	7,200
Total revenues	16,947,464	5,353,590	5,829,515
TRANSFERS IN	2,096,406	-	-
Total funds available	18,981,535	7,122,174	7,249,776
EXPENDITURES			
General and administrative	120,529	97,490	130,000
Operations and maintenance	-	15,000	124,068
Debt service	342,696	471,518	480,000
Capital outlay	14,653,320	5,117,905	5,252,000
Total expenditures	15,116,545	5,701,913	5,986,068
TRANSFERS OUT	2,096,406	-	-
Total expenditures and transfers out requiring appropriation	17,212,951	5,701,913	5,986,068
ENDING FUND BALANCES	\$ 1,768,584	\$ 1,420,261	\$ 1,263,708
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 1,900
CAPITALIZED INTEREST FUND	1,079,524	638,460	175,586
DEBT SERVICE RESERVE FUND	354,926	350,000	350,000
SURPLUS FUND	355,039	369,037	687,326
TOTAL RESERVE	\$ 1,789,589	\$ 1,357,597	\$ 1,214,812

This financial information should be read only in connection with the accompanying accountant's  
compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/20

ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
----------------	-------------------	----------------

**ASSESSED VALUATION**

Residential	\$ 32,620	\$ 35,040	\$ 42,260
Agricultural	38,160	4,390	-
Vacant land	-	18,390	5,172,450
Natural Resources	-	330	330
Certified Assessed Value	<u>\$ 70,780</u>	<u>\$ 58,150</u>	<u>\$ 5,215,040</u>

**MILL LEVY**

General	10.000	11.055	11.132
Debt Service	55.277	55.277	55.664
Total mill levy	<u>65.277</u>	<u>66.332</u>	<u>66.796</u>

**PROPERTY TAXES**

General	\$ 708	\$ 643	\$ 58,054
Debt Service	3,913	3,214	290,290
Levied property taxes	4,621	3,857	348,344
Adjustments to actual/rounding	(1)	-	-
Budgeted property taxes	<u>\$ 4,620</u>	<u>\$ 3,857</u>	<u>\$ 348,344</u>

**BUDGETED PROPERTY TAXES**

General	\$ 708	\$ 643	\$ 58,054
Debt Service	3,912	3,214	290,290
	<u>\$ 4,620</u>	<u>\$ 3,857</u>	<u>\$ 348,344</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT  
GENERAL FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (29,251)	\$ (15,157)	\$ 100
REVENUES			
Property taxes	708	643	58,054
Specific ownership taxes	79	64	5,225
Interest income	-	11	-
Developer advance	133,812	112,029	68,521
Other revenue	24	-	-
Total revenues	134,623	112,747	131,800
Total funds available	105,372	97,590	131,900
EXPENDITURES			
General and administrative			
Accounting	48,137	32,000	35,000
Audit	-	4,250	5,000
County Treasurer's fee	10	10	871
Dues	562	465	600
Insurance	4,232	5,065	6,000
District management	25,166	17,000	22,000
Legal	40,757	38,000	50,000
Miscellaneous	579	700	1,000
Election	1,086	-	2,000
Contingency	-	-	7,529
Total expenditures	120,529	97,490	130,000
Total expenditures and transfers out requiring appropriation	120,529	97,490	130,000
ENDING FUND BALANCE	\$ (15,157)	\$ 100	\$ 1,900
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 1,900
TOTAL RESERVE	\$ 100	\$ 100	\$ 1,900

\* as Amended

This financial information should be read only in connection with the accompanying accountant's  
compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT  
FEE REVENUE FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 62,664
REVENUES			
O&M Fee	-	77,664	103,100
Administrative fee	-	-	7,200
Total revenues	-	77,664	110,300
Total funds available	-	77,664	172,964
EXPENDITURES			
Operations and Maintenance			
Administrative expenses	-	-	5,000
Cluster boxes	-	-	1,500
Billing & collection	-	-	5,000
Community management	-	15,000	29,610
Fence maintenance	-	-	2,500
Gas/electricity	-	-	1,000
Legal - Covenant Enforcement	-	-	5,000
Lighting	-	-	1,000
Monuments	-	-	2,500
Prairie dog mitigation	-	-	2,500
Shared amenity fee	-	-	22,133
Snow removal	-	-	15,000
Social activities	-	-	6,000
Trash removal	-	-	10,000
Water	-	-	5,000
Contingency	-	-	10,325
Total expenditures	-	15,000	124,068
Total expenditures and transfers out requiring appropriation	-	15,000	124,068
ENDING FUND BALANCE	\$ -	\$ 62,664	\$ 48,896

This financial information should be read only in connection with the accompanying accountant's  
compilation report and summary of significant assumptions.



**STONE CREEK METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 3,472	\$ 1,789,489	\$ 1,357,497
REVENUES			
Property taxes	3,912	3,214	290,290
Specific ownership taxes	410	312	26,125
Interest income	27,985	36,000	19,000
Total revenues	32,307	39,526	335,415
TRANSFERS IN			
Transfers from Capital Project Fund	2,096,406	-	-
Total funds available	2,132,185	1,829,015	1,692,912
EXPENDITURES			
Debt Service			
Bond interest	342,637	465,469	465,469
County Treasurer's fee	59	49	4,354
Paying agent fees	-	6,000	6,000
Contingency	-	-	4,177
Total expenditures	342,696	471,518	480,000
Total expenditures and transfers out requiring appropriation	342,696	471,518	480,000
ENDING FUND BALANCE	\$ 1,789,489	\$ 1,357,497	\$ 1,212,912
Capitalized Interest Fund	\$ 1,079,524	\$ 638,460	\$ 175,586
Debt Service Reserve Fund (Required: \$350,000)	354,926	350,000	350,000
Surplus Fund (Maximum: \$1,241,250)	355,039	369,037	687,326
TOTAL RESERVE	\$ 1,789,489	\$ 1,357,497	\$ 1,212,912

This financial information should be read only in connection with the accompanying accountant's  
compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (36,556)	\$ (5,748)	\$ -
REVENUES			
Interest income	24,617	3	-
Developer advance	78,407	53,937	52,000
Developer advances - certified costs	7,207,510	5,069,713	5,200,000
Bond issuance	9,470,000	-	-
Total revenues	16,780,534	5,123,653	5,252,000
Total funds available	16,743,978	5,117,905	5,252,000
EXPENDITURES			
Capital Outlay			
Public improvements	14,081,025	5,069,713	5,200,000
Construction Oversight/Administration	69,433	47,000	50,000
Cost of issuance	477,499	-	-
Legal	25,308	1,192	2,000
Miscellaneous	55	-	-
Total expenditures	14,653,320	5,117,905	5,252,000
TRANSFERS OUT			
Transfers to Debt Service Fund	2,096,406	-	-
Total expenditures and transfers out requiring appropriation	16,749,726	5,117,905	5,252,000
ENDING FUND BALANCE	\$ (5,748)	\$ -	\$ -
* as Amended			

This financial information should be read only in connection with the accompanying accountant's  
compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT  
2020 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  
2020 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 operating 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 9% 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 1.5%.

**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  
2020 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  
2020 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 2020, 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**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$8,275,000 General Obligation Bonds Limited Tax Series 2018A Interest Rate of 5.625% Payable December 1 Principal Due December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ -	\$ 465,469	\$ 465,469
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
	<u>\$ 8,275,000</u>	<u>\$ 9,341,161</u>	<u>\$ 17,616,161</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**Exhibit C**  
**(Certification for 2019 Assessed Valuation)**



# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4565 - Stone Creek Metro District

IN DOUGLAS COUNTY ON 11/21/2019

New Entity: No

## USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

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 2019 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$58,150
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$5,215,040
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,215,040
5. NEW CONSTRUCTION: **	\$0
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 2019 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2019

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$18,429,123
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
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

(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.)

### 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

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2019

Data Date: 11/21/2019