

STONE CREEK METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: (303) 987-0835
Fax: (303) 987-2032

September 25, 2019

recording@douglas.co.us

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

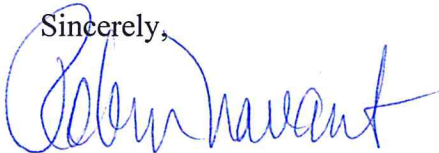
RE: Stone Creek Metropolitan District
2018 Annual Report

Town Officials:

Attached is the 2018 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.

Sincerely,



Robin Navant
Assistant to Lisa A. Johnson
District Manager

Enclosure

cc: McGeedy 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, 2019.

Douglas County

By: _____

STONE CREEK METROPOLITAN DISTRICT

2018 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, 2018 to December 31, 2018 is hereby submitted:

I. Description of Districts - General Information

a. Board members, officers' titles, and terms as of December 31, 2018:

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

Shawnee Williams, Assistant Secretary, Term-May, 2022

Peter J. Klymkow, Secretary/Treasurer, 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:

Michael "Dane" Sander's term expired in 2018 and Shawnee Williams was appointed to fill the resulting vacant seat on the Board on June 27, 2018. Patrick L. Lyng, Eric Kubly and Mauricio "Morris" Barbera were elected to the Board of Directors at the May 8, 2018 election.

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
Lisa A. Johnson, District Manager
ljohnson@sdmsi.com**

d. Elections held in the past year and their purpose: **The May 8, 2018 Regular Directors' Election was cancelled as there were not more candidates than vacant seats on the Board of Directors.**

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

- III. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service arrangements:
- a. Contracts for operations, debt, and other contractual obligations with sub- districts or operating and taxing districts: **The District is currently negotiating an Intergovernmental Agreement with the Cielo Metropolitan District, Choke Cherry Investors, LLC and Forestar (USA) Real Estate Group, Inc. regarding Clubhouse Funding, Construction and Operations.**
 - 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, and amended most recently on November 28, 2018, the District entered into a 2014-2015 Operation Funding Agreement, as amended (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 said Agreement.**
 - 2. **Facilities Acquisition Agreement by and between 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 acquisition of Developer constructed improvements and reimbursement of 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.

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: **No services authorized by the Service Plan are currently being provided by the District.**
- 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.**
- e. List facilities not completed. Indicate the reason for incompleteness and provide a revised schedule, if any: **Construction is in progress, however, no facilities have been completed to date. A revised schedule is not available at this time.**
- 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. The District is also working on building the Pool and Community Center to be completed in 2020.**
- 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 a population of zero (0) residents for the previous five (5) years. It is estimated that build-out will occur in the year 2023 and the estimated population at build-out is eight hundred twenty-three (823) residents (based upon an estimated 2.5 persons per residence).**

- 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 2018 Audit is attached hereto as Exhibit A.**
- b. Provide a copy of the budget, showing the reporting and previous years: **The 2019 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 2018 Audit, Attached as Exhibit A, (and 2019 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: **On March 6, 2018, the District issued General Obligation Limited Tax Bonds, Series 2018A, in the aggregate principal amount of \$8,275,000 and Subordinate General Obligation Limited Tax Bonds, Series 2018B, in the aggregate principal amount of \$1,195,000. The Bond Pricing and Redemption**

Schedule of Debt Service is attached hereto as Exhibit C and incorporated herein by reference.

- e. List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued: See Exhibit D attached hereto and incorporated herein by reference.
- 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 issued debt in 2018 (see sections VI (d) and (e) above). 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 2018 Certification of Valuation by Douglas County Assessor is attached hereto as Exhibit E. The 2015-2017 Assessed Valuations of the District are attached to the 2015, 2016, and 2017 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 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 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 (see sections VI (d) and VI (e), above).**

Exhibit A
(2018 Audit)

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2018**

**STONE CREEK METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2018**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	26
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	29
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	30

Board of Directors
Stone Creek Metropolitan District
Douglas County, Colorado

Independent Auditors' Report

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, 2018, 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 general 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, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles general 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 and other 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 and other 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.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

July 24, 2019

BASIC FINANCIAL STATEMENTS

**STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 999
Cash and Investments - Restricted	1,789,755
Prepaid Expenses	350
Receivable - County Treasurer	47
Property Taxes Receivable	3,857
Capital Assets, Not Being Depreciated:	
Construction in Progress	14,081,025
Total Assets	<u>15,876,033</u>
LIABILITIES	
Accounts Payable	22,567
Accrued Interest Payable	38,789
Noncurrent Liabilities:	
Due in More Than One Year	17,030,129
Total Liabilities	<u>17,091,485</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	3,857
Total Deferred Inflows of Resources	<u>3,857</u>
NET POSITION	
Restricted for:	
Emergency Reserves	100
Unrestricted	<u>(1,219,409)</u>
Total Net Position	<u>\$ (1,219,309)</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

FUNCTIONS/PROGRAMS

Primary Government:
Governmental Activities:
General Government
Interest and Related Costs
on Long-Term Debt

Total Governmental Activities

	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	\$ 215,325	\$ -	\$ -	\$ -	\$ (215,325)
	946,079	-	-	-	(946,079)
	<u>\$ 1,161,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,161,404)</u>
GENERAL REVENUES					
Property Taxes					4,620
Specific Ownership Taxes					489
Net Investment Income					52,602
Other Revenue					24
Total General Revenues					<u>57,735</u>
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(1,103,669)
					<u>(115,640)</u>
NET POSITION - END OF YEAR					<u>\$ (1,219,309)</u>

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 999	\$ -	\$ -	\$ 999
Cash and Investments - Restricted	100	1,789,450	205	1,789,755
Prepaid Expenses	350	-	-	350
Receivable - County Treasurer	8	39	-	47
Property Taxes Receivable	643	3,214	-	3,857
Total Assets	\$ 2,100	\$ 1,792,703	\$ 205	\$ 1,795,008
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 16,614	\$ -	\$ 5,953	\$ 22,567
Total Liabilities	16,614	-	5,953	22,567
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	643	3,214	-	3,857
Total Deferred Inflows of Resources	643	3,214	-	3,857
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	350	-	-	350
Restricted:				
Emergency Reserves	100	-	-	100
Debt Service	-	1,789,489	-	1,789,489
Unassigned	(15,607)	-	(5,748)	(21,355)
Total Fund Balances	(15,157)	1,789,489	(5,748)	1,768,584
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,100	\$ 1,792,703	\$ 205	

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

14,081,025

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

(38,789)

Developer Advance Payable

(7,472,482)

Accrued Interest on Developer Advance

(87,647)

Net Position of Governmental Activities

\$ (1,219,309)

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, 2018

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 708	\$ 3,912	\$ -	\$ 4,620
Specific Ownership Taxes	79	410	-	489
Net Investment Income	-	27,985	24,617	52,602
Other Revenue	24	-	-	24
Total Revenues	811	32,307	24,617	57,735
EXPENDITURES				
General and Administration				
Accounting	48,137	-	-	48,137
County Treasurer Fee	10	59	-	69
District Management	25,166	-	-	25,166
Dues	562	-	-	562
Election	1,086	-	-	1,086
Insurance	4,232	-	-	4,232
Legal	40,757	-	25,308	66,065
Miscellaneous	579	-	55	634
Construction Oversight/ Administration	-	-	69,433	69,433
Cost of Issuance	-	-	477,499	477,499
Debt Service				
Bond Interest	-	342,637	-	342,637
Capital Outlay	-	-	14,081,025	14,081,025
Total Expenditures	120,529	342,696	14,653,320	15,116,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(119,718)	(310,389)	(14,628,703)	(15,058,810)
OTHER FINANCING SOURCES (USES)				
Developer Advance	133,812	-	78,407	212,219
Developer Advance - Certified Costs	-	-	7,207,510	7,207,510
Bond Issuance	-	-	9,470,000	9,470,000
Transfers (To)/From Other Funds	-	2,096,406	(2,096,406)	-
Total Other Financing Sources (Uses)	133,812	2,096,406	14,659,511	16,889,729
NET CHANGE IN FUND BALANCES	14,094	1,786,017	30,808	1,830,919
Fund Balances - Beginning of Year	(29,251)	3,472	(36,556)	(62,335)
FUND BALANCES - END OF YEAR	<u>\$ (15,157)</u>	<u>\$ 1,789,489</u>	<u>\$ (5,748)</u>	<u>\$ 1,768,584</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, 2018**

Net Change in Fund Balances - Governmental Funds	\$ 1,830,919
--	--------------

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	14,081,025
----------------	------------

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.

Bond Issuance	(9,470,000)
Developer Advances	(7,419,729)

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

Accrued Interest on Developer Advance - Change in Liability	(87,095)	
Accrued Interest on Bonds - Change in Liability	(38,789)	(125,884)

Change in Net Position of Governmental Activities	\$ (1,103,669)
---	----------------

**STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 708	\$ 708	\$ -
Specific Ownership Taxes	60	79	19
Net Investment Income	100	-	(100)
District Fees	20,000	-	(20,000)
Other Revenue	-	24	24
Total Revenues	20,868	811	(20,057)
EXPENDITURES			
General and Administration			
Accounting	15,000	48,137	(33,137)
Audit	4,000	-	4,000
County Treasurer Fee	10	10	-
District Management	8,500	25,166	(16,666)
Dues	350	562	(212)
Election	2,000	1,086	914
Insurance	2,700	4,232	(1,532)
Legal	25,000	40,757	(15,757)
Miscellaneous	500	579	(79)
Contingency	5,499	-	5,499
Operations and Maintenance	217,181	-	217,181
Clubhouse Facility	69,260	-	69,260
Total Expenditures	350,000	120,529	229,471
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(329,132)	(119,718)	209,414
OTHER FINANCING SOURCES (USES)			
Developer Advance	330,000	133,812	(196,188)
Total Other Financing Sources (Uses)	330,000	133,812	(196,188)
NET CHANGE IN FUND BALANCE	868	14,094	13,226
Fund Balance - Beginning of Year	359	(29,251)	(28,892)
FUND BALANCE - END OF YEAR	\$ 1,227	\$ (15,157)	\$ (15,666)

See accompanying Notes to Basic Financial Statements.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018**

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 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, 2018**

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.

The District amended its annual budget for the year ended December 31, 2018.

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, 2018

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, 2018. It is anticipated that the deficit will be eliminated with the receipt of funds advanced by the Developer in 2019.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 999
Cash and Investments - Restricted	1,789,755
Total Cash and Investments	<u>\$ 1,790,754</u>

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	\$ 1,173
Investments	1,789,581
Total Cash and Investments	<u>\$ 1,790,754</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, 2018, the District's cash deposits had a bank balance of \$15,359 and a carrying balance of \$1,173.

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, 2018**

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, 2018, 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>\$ 1,789,581</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, 2018**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the Districts' capital assets for the year ended December 31, 2018 follows:

	Balance - December 31, 2017	Additions	Reductions/ Reclassifications	Balance - December 31, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 14,081,025	\$ -	\$ 14,081,025
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 14,081,025</u>	<u>\$ -</u>	<u>\$ 14,081,025</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, 2018:

	Balance - December 31, 2017	Additions	Retirements	Balance - December 31, 2018	Due Within One Year
2018A Senior Bonds	\$ -	\$ 8,275,000	\$ -	\$ 8,275,000	\$ -
2018B Subordinate Bonds	-	1,195,000	-	1,195,000	-
Developer Advances	52,753	7,419,729	-	7,472,482	-
Accrued Interest on Developer Advances	552	87,095	-	87,647	-
Total	<u>\$ 53,305</u>	<u>\$ 16,976,824</u>	<u>\$ -</u>	<u>\$ 17,030,129</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2018 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, 2018**

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 Bond. 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 Bond. 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, 2018**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Optional Redemption (Continued)

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

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

Pledged Revenue

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

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

Senior Required Mill Levy

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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 55.277 mills.

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

Senior Reserve Fund

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

Senior Surplus Fund

The Senior Surplus Fund was partially funded in the amount of \$350,000 from proceeds of the 2018A Senior Bonds. In addition, Senior Pledged Revenue that is not needed to pay debt service on the 2018A Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$1,241,250. The Senior Surplus Fund is to be maintained as long as any 2018A Senior Bonds remain outstanding. When no 2018A Senior Bonds are outstanding, any moneys in the Senior Surplus Fund are required to be remitted to the District for application to any lawful purpose of the District. The balance in the Senior Surplus Fund as of December 31, 2018, was \$354,926.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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>
2019	\$ -	\$ 465,469	\$ 465,469
2020	-	465,469	465,469
2021	-	465,469	465,469
2022	10,000	465,469	475,469
2023	95,000	464,906	559,906
2024-2028	660,000	2,230,595	2,890,595
2029-2033	1,035,000	2,005,313	3,040,313
2034-2038	1,540,000	1,661,064	3,201,064
2039-2043	2,200,000	1,157,626	3,357,626
2044-2047	2,735,000	425,250	3,160,250
Total	<u>\$ 8,275,000</u>	<u>\$ 9,806,630</u>	<u>\$ 18,081,630</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, 2018, 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, 2018**

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, 2018, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 100
Total Restricted Net Position	\$ 100

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 November 28, 2018, 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 \$350,000, on a periodic basis as needed for the fiscal years 2014-2019 ("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, 2018**

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, 2019, 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 2019, 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, 2018, \$186,565 had been advanced under the OFA. Accrued interest totaled \$8,805 as of December 31, 2018.

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, 2018**

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, 2018, \$7,285,917 had been advanced under the FAA. Accrued interest totaled \$78,842 as of December 31, 2018.

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.

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 refinancing 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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 AGREEMENTS (CONTINUED)

District Fee Resolution (Continued)

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.

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.

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

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 AGREEMENTS (CONTINUED)

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

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 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.

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).

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 AGREEMENTS (CONTINUED)

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.

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.

**STONE CREEK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018, 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, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 3,913	\$ 3,913	\$ 3,912	\$ (1)
Specific Ownership Taxes	313	313	410	97
Net Investment Income	-	-	27,985	27,985
Total Revenues	4,226	4,226	32,307	28,081
EXPENDITURES				
County Treasurer's Fee	60	60	59	1
Paying Agent Fee	3,000	3,000	-	3,000
Bond Interest	372,982	384,955	342,637	42,318
Total Expenditures	376,042	388,015	342,696	45,319
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(371,816)	(383,789)	(310,389)	73,400
OTHER FINANCING SOURCES (USES)				
Transfer from Other Fund	2,108,462	2,119,325	2,096,406	(22,919)
Total Other Financing Sources (Uses)	2,108,462	2,119,325	2,096,406	(22,919)
NET CHANGE IN FUND BALANCE	1,736,646	1,735,536	1,786,017	50,481
Fund Balance - Beginning of Year	3,462	3,462	3,472	10
FUND BALANCE - END OF YEAR	<u>\$ 1,740,108</u>	<u>\$ 1,738,998</u>	<u>\$ 1,789,489</u>	<u>\$ 50,491</u>

**STONE CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Net Investment Income	\$ -	\$ 24,000	\$ 24,617	\$ 617
Total Revenues	-	24,000	24,617	617
EXPENDITURES				
General and Administration				
Construction Oversight/ Administration	-	69,433	69,433	-
Cost of Issuance	348,010	477,499	477,499	-
Legal	-	25,308	25,308	-
Miscellaneous	-	100	55	45
Capital Outlay				
Capital Outlay	6,865,528	15,331,254	-	15,331,254
Parks and Recreation	-	-	1,238,236	(1,238,236)
Sanitary Sewer	-	-	2,220,889	(2,220,889)
Safety	-	-	182,768	(182,768)
Streets	-	-	5,400,484	(5,400,484)
Stormwater	-	-	3,449,221	(3,449,221)
Water	-	-	1,589,427	(1,589,427)
Total Expenditures	7,213,538	15,903,594	14,653,320	1,250,274
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,213,538)	(15,879,594)	(14,628,703)	1,250,891
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(2,108,462)	(2,096,406)	(2,096,406)	-
Developer Advance	-	80,000	78,407	(1,593)
Developer Advance - Certified Costs	-	8,462,556	7,207,510	(1,255,046)
Bond Issuance	9,322,000	9,470,000	9,470,000	-
Total Other Financing Sources (Uses)	7,213,538	15,916,150	14,659,511	(1,256,639)
NET CHANGE IN FUND BALANCE	-	36,556	30,808	(5,748)
Fund Balance - Beginning of Year	-	(36,556)	(36,556)	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,748)</u>	<u>\$ (5,748)</u>

OTHER INFORMATION

**STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2018**

\$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>
2019	\$ -	\$ 465,469	\$ 465,469
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>\$ 9,806,630</u>	<u>\$ 18,081,630</u>

**STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2018**

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
Estimated for Year Ending December 31, 2019	\$ 58,150	11.055	55.277	\$ 3,857		

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
(2019 Budget)



CliftonLarsonAllen LLP
www.CLAconnect.com

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, 2019, including the estimate of comparative information for the year ended December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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 describes 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 31, 2019

**STONE CREEK METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ (19,428)	\$ (62,335)	\$ 1,794,583
REVENUES			
Property taxes	3,822	4,620	3,857
Specific ownership taxes	417	464	385
Net investment income	-	57,000	23,000
Developer advances	45,947	8,450,110	9,788,761
Bond issuance	-	9,470,000	-
Other revenue	-	24	-
O&M fee	-	-	103,100
Administrative fee	-	-	7,200
Total revenues	50,186	17,982,218	9,926,303
TRANSFERS IN	-	2,096,406	-
Total funds available	30,758	20,016,289	11,720,886
EXPENDITURES			
General and administrative	78,863	111,863	121,427
Operations and maintenance	-	3,600	60,356
Debt service	46	342,697	473,519
Capital outlay	14,184	15,667,140	9,668,041
Clubhouse facility	-	-	44,000
Total expenditures	93,093	16,125,300	10,367,343
TRANSFERS OUT	-	2,096,406	-
Total expenditures and transfers out requiring appropriation	93,093	18,221,706	10,367,343
ENDING FUND BALANCES	\$ (62,335)	\$ 1,794,583	\$ 1,353,543
EMERGENCY RESERVE	\$ -	\$ 100	\$ 100
CAPITALIZED INTEREST FUND	-	1,079,524	614,055
DEBT SERVICE RESERVE FUND	-	354,926	350,000
SURPLUS FUND	-	360,033	383,444
RESERVE FOR FUTURE DEBT SERVICE	3,472	-	-
TOTAL RESERVE	\$ 3,472	\$ 1,794,583	\$ 1,347,599

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
----------------	-------------------	----------------

ASSESSED VALUATION

Residential	\$ 28,080	\$ 32,620	\$ 35,040
Agricultural	35,620	38,160	4,390
Vacant land	-	-	18,390
Natural Resources	-	-	330
Certified Assessed Value	<u>\$ 63,700</u>	<u>\$ 70,780</u>	<u>\$ 58,150</u>

MILL LEVY

General	10.000	10.000	11.055
Debt Service	50.000	55.277	55.277
Total mill levy	<u>60.000</u>	<u>65.277</u>	<u>66.332</u>

PROPERTY TAXES

General	\$ 637	\$ 708	\$ 643
Debt Service	3,185	3,913	3,214
Levied property taxes	3,822	4,621	3,857
Adjustments to actual/rounding	-	(1)	-
Budgeted property taxes	<u>\$ 3,822</u>	<u>\$ 4,620</u>	<u>\$ 3,857</u>

BUDGETED PROPERTY TAXES

General	\$ 650	\$ 708	\$ 643
Debt Service	3,172	3,912	3,214
	<u>\$ 3,822</u>	<u>\$ 4,620</u>	<u>\$ 3,857</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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/31/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (16,350)	\$ (29,251)*	\$ 100
REVENUES			
Property taxes	650	708	643
Specific ownership taxes	71	74	64
Developer advances	42,869	140,408	120,720
Other revenue	-	24	-
Total revenues	43,590	141,214	121,427
Total funds available	27,240	111,963	121,527
EXPENDITURES			
General and administrative			
Accounting	12,555	40,000	35,000
Audit	-	-	10,000
County Treasurer's fee	10	10	10
Dues	309	562	600
Insurance	2,242	4,232	4,500
District management	3,093	22,000	22,000
Legal	60,382	44,000	44,000
Miscellaneous	272	-	500
Election	-	1,059	-
Contingency	-	-	4,817
Total expenditures	78,863	111,863	121,427
Total expenditures and transfers out requiring appropriation	78,863	111,863	121,427
ENDING FUND BALANCE	\$ (51,623)	\$ 100	\$ 100
EMERGENCY RESERVE	\$ -	\$ 100	\$ 100
TOTAL RESERVE	\$ -	\$ 100	\$ 100

* 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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advances	-	3,600	-
O&M fee	-	-	103,100
Administrative fee	-	-	7,200
Total revenues	-	3,600	110,300
Total funds available	-	3,600	110,300
EXPENDITURES			
Operations and Maintenance			
Administrative expenses	-	-	5,000
Cluster boxes	-	-	1,500
Community Management	-	3,600	12,000
Gas/electricity	-	-	1,000
Irrigation repairs	-	-	5,000
Lighting	-	-	1,000
Monuments	-	-	2,500
Prairie dog mitigation	-	-	5,000
Shared amenity fee	-	-	432
Snow removal	-	-	7,000
Trash removal	-	-	12,924
Water	-	-	7,000
Clubhouse Facility			
Clubhouse repairs	-	-	1,000
Cleaning supplies	-	-	2,500
Cleaning contract	-	-	5,000
Fitness equipment lease	-	-	12,000
Gas/ Electric	-	-	2,000
Insurance	-	-	5,000
Legal	-	-	1,000
Lighting maintenance	-	-	5,000
Phone/IT	-	-	2,000
Trash removal	-	-	1,000
Snow removal	-	-	2,500
Water and sewer	-	-	5,000
Total expenditures	-	3,600	104,356
Total expenditures and transfers out requiring appropriation	-	3,600	104,356
ENDING FUND BALANCE	\$ -	\$ -	\$ 5,944

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ 3,472	\$ 1,794,483
REVENUES			
Property taxes	3,172	3,912	3,214
Specific ownership taxes	346	390	321
Net investment income	-	33,000	23,000
Total revenues	3,518	37,302	26,535
TRANSFERS IN			
Transfers from Capital Project Fund	-	2,096,406	-
Total funds available	3,518	2,137,180	1,821,018
EXPENDITURES			
Debt Service			
Bond interest	-	342,637	465,469
County Treasurer's fee	46	60	50
Trustee fees	-	-	8,000
Total expenditures	46	342,697	473,519
Total expenditures and transfers out requiring appropriation	46	342,697	473,519
ENDING FUND BALANCE	\$ 3,472	\$ 1,794,483	\$ 1,347,499
Capitalized Interest Fund	\$ -	\$ 1,079,524	\$ 614,055
Debt Service Reserve Fund (Required: \$350,000)	-	354,926	350,000
Surplus Fund (Maximum: \$1,241,250)	-	360,033	383,444
Reserve for future Debt Service	3,472	-	-
TOTAL RESERVE	\$ 3,472	\$ 1,794,483	\$ 1,347,499

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (3,078)	\$ (36,556)*	\$ -
REVENUES			
Net investment income	-	24,000	-
Developer advances	3,078	8,306,102	9,668,041
Bond issuance	-	9,470,000	-
Total revenues	3,078	17,800,102	9,668,041
Total funds available	-	17,763,546	9,668,041
EXPENDITURES			
Capital Outlay			
Public improvements	-	15,094,800	9,623,041
Construction Oversight / Administration	-	69,433	45,000
Cost of issuance	-	477,499	-
Engineering	14,184	-	-
Legal	-	25,308	-
Miscellaneous	-	100	-
Total expenditures	14,184	15,667,140	9,668,041
TRANSFERS OUT			
Transfers to Debt Service Fund	-	2,096,406	-
Total expenditures and transfers out requiring appropriation	14,184	17,763,546	9,668,041
ENDING FUND BALANCE	\$ (14,184)	\$ -	\$ -

* 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
2019 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 is authorized to support debt service and operations and maintenance. A maximum debt mill levy of 50 mills 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 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
2019 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 7.20%. Due to this ratio change, the District's debt service mill levy was increased to 55.277 mills and the general mill levy was increased to 11.055.

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 10% of the property taxes collected.

Net Investment 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 O&M 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
2019 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, general 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 clubhouse facility as well as the grounds within the District (e.g. utilities, snow removal, repairs, trash, etc.)

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.

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.

**STONE CREEK METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

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 2019, 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**

	\$8,275,000		
	General Obligation Bonds		
	Limited Tax		
	Series 2018A		
	Interest Rate of 5.625%		
	Payable December 1		
	Principal Due December 1		
Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2019	\$ -	\$ 465,469	\$ 465,469
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>\$ 9,806,630</u>	<u>\$ 18,081,630</u>

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

Exhibit C
(Bond Pricing and Redemption Schedule)

EXHIBIT C

BOND PRICING

Series 2018A Senior Bonds

Maturity Date	Principal Maturing	Price	Interest Rate
December 1, 2047	\$8,275,000	100.00%	5.625%

Series 2018B Subordinate Bonds

Maturity Date	Principal Maturing	Price	Interest Rate
December 15, 2047	\$1,195,000	100.00%	7.875%

Series 2018A Senior Bonds Redemption Provisions

Optional Redemption. The Series 2018A Senior Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of 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

Mandatory Sinking Fund Redemption. The Series 2018A Senior Bonds maturing on December 1, 2047, also are subject to mandatory sinking fund redemption prior to the maturity date of such Series 2018A Senior Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

Year of Redemption	Redemption Amount
2022	\$ 10,000
2023	95,000
2024	110,000
2025	115,000
2026	135,000
2027	140,000
2028	160,000
2029	170,000
2030	195,000
2031	205,000
2032	225,000
2033	240,000
2034	265,000
2035	280,000
2036	310,000
2037	325,000
2038	360,000
2039	380,000
2040	410,000
2041	435,000
2042	475,000
2043	500,000
2044	540,000
2045	570,000
2046	620,000
2047 ¹	1,005,000

¹ final maturity, not a sinking fund redemption

With respect to each maturity of the Series 2018A Senior Bonds subject to mandatory sinking fund redemption, on or before 45 days prior to each sinking fund installment date for such maturity as set forth above, the Trustee is to select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Series 2018A Senior Bonds of that maturity, a principal amount of such Series 2018A Senior Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date and maturity may be reduced by the principal amount of any Series 2018A Senior Bonds of that maturity which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, are to be applied in such year or years as may be determined by the District.

Series 2018B Subordinate Bonds Redemption Provisions

Optional Redemption. In addition to the mandatory redemption provided for in the Subordinate Indenture in the section thereof entitled "Subordinate Bond Fund; Mandatory

Redemption," the Series 2018B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
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

Mandatory Redemption. The Series 2018B Subordinate Bonds also are subject to mandatory redemption from Subordinate Pledged Revenue, if any, on deposit in the Subordinate Bond Fund, as provided in Subordinate Indenture in the section thereof entitled "Subordinate Bond Fund; Mandatory Redemption."

Exhibit D
(Authorized and Unissued Debt)

Stone Creek Metropolitan District, Douglas County, Colorado
Updated: July 9, 2018

Q#	O&M/TABOR	Authorized 2014	Used 2018 \$8,275,000 GO Limited Tax Bonds, Series 2018A	Used 2018 \$1,195,000 Sub. GO Limited Tax Bonds, Series 2018B	Authorized [year]	Remaining
5A	O&M – Ad Valorem Tax Increase	\$1,000,000				\$1,000,000
5B	O&M – Fee Increase	\$1,000,000				\$1,000,000
5C	Multiple-FY IGA	\$1,000,000				\$1,000,000
5D	Regional IGA	\$1,000,000				\$1,000,000
5E	TABOR Exemptions (DeBrucing)	Yes				
Q#	Public Improvement Debt	Authorized	Used	Used	Authorized	Remaining
5F	Street	\$18,000,000	\$2,033,663	\$293,683	\$	\$15,672,654
5G	Parks and Recreation	\$18,000,000	\$530,468	\$76,605	\$	\$17,392,927
5H	Water	\$18,000,000	\$14,853	\$2,145	\$	\$17,983,002
5I	Sanitation	\$18,000,000	\$5,505,944	\$730,567	\$	\$12,210,489
5J	Transportation	\$18,000,000	\$0	\$0	\$	\$18,000,000
5K	Mosquito Control	\$18,000,000	\$0	\$0	\$	\$18,000,000
5L	Safety Protection	\$18,000,000	\$637,072	\$92,000	\$	\$17,270,928
5M	Fire Protection	\$18,000,000	\$0	\$0	\$	\$18,000,000
5N	Television Relay and Translation	\$18,000,000	\$0	\$0	\$	\$18,000,000
5O	Security	\$18,000,000	\$0	\$0	\$	\$18,000,000
	Sub Totals – Public Improvement Debt	\$180,000,000	\$8,275,000	\$1,195,000	\$	\$170,530,000
Q#	Other	Authorized	Used	Used	Authorized	Remaining
5P	O&M Debt	\$18,000,000	\$0	\$	\$	\$18,000,000
5Q	Refunding Debt	\$18,000,000	\$0	\$	\$	\$18,000,000
5R	IGAs as Debt	\$18,000,000	\$0	\$	\$	\$18,000,000
5S	Multiple-FY IGA	Yes			Yes / No	
5T	Regional Improvement ML	\$82,800,000		\$		
501	Organization of District	Yes				
502	Term Limits	Yes				
	DEBT TOTALS (Improvements, O&M, Refunding, IGAs)					\$224,530,000

Service Plan Debt Limitation(s): \$18,000,000
 Remaining Debt from Service Plan Limit: \$8,530,000 \$18,000,000 - \$8,275,000 Series 2018A - \$1,195,000 Series 2018B
 Date of Organizational Election: 11/04/14
 Date of Last Debt Election: 11/04/14
 Notes:

Exhibit E
(Assessed Valuation)

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4565 - Stone Creek Metro District

IN DOUGLAS COUNTY ON 11/21/2018

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 2018 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$70,780
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$58,150
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$58,150
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 2018 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2018

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$566,315
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, 2018

Data Date: 11/20/2018