

Accountant's Compilation Report

Board of Directors
Stone Creek Metropolitan District
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Stone Creek Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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 American Institute of Certified Public Accountants. 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.

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

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

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 29, 2018

**STONE CREEK METROPOLITAN DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ (16,350)	\$ 3,821
REVENUES			
1 Property taxes	3,185	3,822	4,621
2 Specific ownership taxes	293	410	373
3 Developer advance	6,806	62,000	330,000
4 Net investment income	32	50	100
5 Bond issuance	-	-	9,322,000
6 District Fees	-	-	20,000
Total revenues	10,316	66,282	9,677,094
TRANSFERS IN			
Total funds available	10,316	49,932	11,789,377
EXPENDITURES			
7 General and administration	26,666	46,061	63,559
8 Operations and maintenance	-	-	217,181
9 Debt service	-	50	376,042
10 Capital projects	-	-	7,213,538
11 Clubhouse Facility	-	-	69,260
Total expenditures	26,666	46,111	7,939,580
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	26,666	46,111	10,048,042
ENDING FUND BALANCES	\$ (16,350)	\$ 3,821	\$ 1,741,335
EMERGENCY RESERVE			
Capitalized Interest Fund	-	-	1,035,480
Debt Service Reserve Fund	-	-	350,000
Surplus Fund	-	-	350,000
Reserve for future debt service	-	-	4,628
TOTAL RESERVE	\$ 200	\$ 100	\$ 1,740,808

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
For the Years Ended and Ending December 31,**

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - DOUGLAS			
Residential	\$ 28,080	\$ 28,080	\$ 32,620
Agricultural	35,620	35,620	38,160
Certified Assessed Value	<u>\$ 63,700</u>	<u>\$ 63,700</u>	<u>\$ 70,780</u>
MILL LEVY			
GENERAL FUND	50.000	10.000	10.000
DEBT SERVICE FUND	-	50.000	55.277
Total Mill Levy	<u>50.000</u>	<u>60.000</u>	<u>65.277</u>
PROPERTY TAXES			
GENERAL FUND	\$ 3,185	\$ 637	\$ 708
DEBT SERVICE FUND	-	3,185	3,913
Budgeted Property Taxes	<u>\$ 3,185</u>	<u>\$ 3,822</u>	<u>\$ 4,621</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 3,185	\$ 650	\$ 708
DEBT SERVICE FUND	-	3,172	3,913
	<u>\$ 3,185</u>	<u>\$ 3,822</u>	<u>\$ 4,621</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
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ (16,350)	\$ 359
REVENUES			
1 Property taxes	3,185	650	708
2 Specific ownership taxes	293	70	60
3 Developer advance	6,806	62,000	330,000
4 Net investment income	32	50	100
5 District Fees	-	-	20,000
Total revenues	<u>10,316</u>	<u>62,770</u>	<u>350,868</u>
Total funds available	<u>10,316</u>	<u>46,420</u>	<u>351,227</u>
EXPENDITURES			
General and administration			
6 Accounting	8,150	12,000	15,000
7 Audit	-	-	4,000
8 Contingency	-	-	5,499
9 County Treasurer's fees	48	10	10
10 District management	-	1,000	8,500
11 Dues and membership	309	309	350
12 Election	413	-	2,000
13 Insurance	2,488	2,242	2,700
14 Legal	15,258	30,000	25,000
15 Miscellaneous	-	500	500
Operations and maintenance			
16 Administrative expenses	-	-	4,145
17 Audit	-	-	1,500
18 Common Amenity Maintenance	-	-	15,000
19 Contingency	-	-	1,645
20 Fence Maintenance	-	-	10,584
21 Fertilization/Weed/Insect Control	-	-	1,998
22 Gas/Electricity	-	-	3,000
23 Grounds Improvements	-	-	2,350
24 Grounds maintenance	-	-	23,635
25 Grounds Repairs (other)	-	-	1,598
26 Grounds Repairs (Sprinkler)	-	-	2,174
27 Insurance	-	-	7,462
28 Legal	-	-	7,896
29 Lighting Maintenance	-	-	632
30 Management	-	-	13,628
31 Miscellaneous	-	-	1,500
32 Native Area Maintenance	-	-	10,206
33 Postage	-	-	829
34 Prairie Dog Mitigation	-	-	3,000
35 Shared Amenity Fee	-	-	39,480
36 Snow Removal	-	-	8,390
37 Social Activities	-	-	6,000
38 Taxes	-	-	100
39 Trash Removal	-	-	42,836
40 Water	-	-	6,072
41 Water - Native Grass	-	-	1,521
Clubhouse Facility			
42 Clubhouse maintenance	-	-	15,000
43 Fitness Equipment Lease	-	-	24,200
44 Gas/Electric	-	-	4,000
45 Grounds Improvements	-	-	500
46 Legal	-	-	1,613
47 Lighting Maintenance	-	-	81
48 Miscellaneous	-	-	403
49 Phone/IT	-	-	4,500
50 Pool Chemicals	-	-	3,700
51 Pool Maintenance	-	-	6,500
52 Pool Repairs	-	-	3,500
53 Pool Supplies	-	-	1,450
54 Snow Removal	-	-	1,190
55 Social Activities	-	-	2,000
56 Water	-	-	623
Total expenditures	<u>26,666</u>	<u>46,061</u>	<u>350,000</u>
Total expenditures and transfers out requiring appropriation	<u>26,666</u>	<u>46,061</u>	<u>350,000</u>
ENDING FUND BALANCES	<u>\$ (16,350)</u>	<u>\$ 359</u>	<u>\$ 1,227</u>
EMERGENCY RESERVE	<u>\$ 200</u>	<u>\$ 100</u>	<u>\$ 700</u>
TOTAL RESERVE	<u>\$ 200</u>	<u>\$ 100</u>	<u>\$ 700</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
DEBT SERVICE FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 3,462
REVENUES			
1 Property taxes	-	3,172	3,913
2 Specific ownership taxes	-	340	313
Total revenues	<u>-</u>	<u>3,512</u>	<u>4,226</u>
TRANSFERS IN			
CAPITAL PROJECTS FUND	-	-	2,108,462
Total transfers in	<u>-</u>	<u>-</u>	<u>2,108,462</u>
Total funds available	<u>-</u>	<u>3,512</u>	<u>2,116,150</u>
EXPENDITURES			
Debt service			
3 Bond interest	-	-	372,982
4 County Treasurer's fees	-	50	60
5 Paying agent fees	-	-	3,000
Total expenditures	<u>-</u>	<u>50</u>	<u>376,042</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>50</u>	<u>376,042</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 3,462</u>	<u>\$ 1,740,108</u>
Capitalized Interest Fund	\$ -	\$ -	\$ 1,035,480
Debt Service Reserve Fund	-	-	350,000
Surplus Fund	-	-	350,000
Reserve for future debt service	-	-	4,628
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,740,108</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
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	-	-	-
2 Bond issuance	-	-	9,322,000
Total revenues	<u>-</u>	<u>-</u>	<u>9,322,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>9,322,000</u>
EXPENDITURES			
Capital projects			
3 Capital Outlay	-	-	6,865,528
4 Costs of issuance	-	-	348,010
Total expenditures	<u>-</u>	<u>-</u>	<u>7,213,538</u>
TRANSFERS OUT			
DEBT SERVICE FUND	-	-	2,108,462
Total transfers out	<u>-</u>	<u>-</u>	<u>2,108,462</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>9,322,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
2018 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.

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

**STONE CREEK METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 50.277 mills.

Specific Ownership Taxes

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

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.0%.

District Fees

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

Developer Advance

The District is in the development stage. As such, a significant portion of the District's operating and administrative expenditures will be funded by the Developer, as well as certain capital expenditures until bonds are issued. 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 and other legally available revenue.

Expenditures

County Treasurer's Fees

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

General, Administration, Operations and Maintenance

General and administration 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 General Fund's 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.)

**STONE CREEK METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Capital Outlay

In 2018, the District anticipates constructing public improvements and/or reimbursing the Developer for costs of public improvements.

Debt and Leases

General Obligation Bonds (Bonds) are anticipated to be issued in 2018 in the principal amount of \$9,322,000 at an estimated fixed rate of 5.75%, maturing in 2047. The District will impose a mill levy 55.277 to pay principal and accrued interest of the Bonds. A Debt Service Reserve in the estimated amount of \$350,000 is required to be maintained on the Bonds. In addition, a required Surplus Fund in the amount of \$350,000 is expected to be maintained. The proceeds from the Bonds are expected to be used to pay and/or reimburse costs of public improvements, pay for costs of issuance, and to fund a Capitalized Interest Fund. The Bonds' debt service amortization schedule has not been finalized; hence, not included in the budget.

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 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.