

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.



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	<u>3,822</u>	<u>4,621</u>	<u>3,857</u>
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

**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**

Bonds and Interest Maturing in the Year Ending December 31,	\$8,275,000 General Obligation Bonds Limited Tax Series 2018A Interest Rate of 5.625% Payable December 1 Principal Due December 1		
	Principal	Interest	Total
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.