

STONE CREEK METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

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

1/27/21

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

No assurance provided. See summary of significant assumptions.

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

1/27/21

| ACTUAL 2019 | ESTIMATED 2020 | BUDGET 2021 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

ASSESSED VALUATION

| | | | |
|--------------------------|------------------|---------------------|---------------------|
| Residential | \$ 35,040 | \$ 42,260 | \$ 261,190 |
| Commercial | - | - | 51,620 |
| Vacant land | 18,390 | 5,172,450 | 6,293,900 |
| Natural Resources | 330 | 330 | 330 |
| Certified Assessed Value | <u>\$ 58,150</u> | <u>\$ 5,215,040</u> | <u>\$ 6,607,040</u> |

MILL LEVY

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

PROPERTY TAXES

| | | | |
|--------------------------------|-----------------|-------------------|-------------------|
| General | \$ 643 | \$ 58,054 | \$ 73,550 |
| Debt Service | 3,214 | 290,290 | 367,774 |
| Levied property taxes | 3,858 | 348,344 | 441,324 |
| Adjustments to actual/rounding | (1) | 1 | - |
| Budgeted property taxes | <u>\$ 3,857</u> | <u>\$ 348,345</u> | <u>\$ 441,324</u> |

BUDGETED PROPERTY TAXES

| | | | |
|--------------|-----------------|-------------------|-------------------|
| General | \$ 643 | \$ 58,054 | \$ 73,550 |
| Debt Service | 3,214 | 290,291 | 367,774 |
| | <u>\$ 3,858</u> | <u>\$ 348,345</u> | <u>\$ 441,324</u> |

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

1/27/21

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

No assurance provided. See summary of significant assumptions.

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

1/27/21

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

No assurance provided. See summary of significant assumptions.

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

1/27/21

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

No assurance provided. See summary of significant assumptions.

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

1/27/21

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

No assurance provided. See summary of significant assumptions.

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

Services Provided

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

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

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

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

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

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

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

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Specific Ownership Taxes

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

Interest Income

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

District Fees

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

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

Revenues – (continued)

Developer Advances

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

Expenditures

County Treasurer's Fees

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

General, Administrative, Operations and Maintenance

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

Capital Outlay

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

Debt and Leases

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

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

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

Debt and Leases (continued)

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

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

The District has no operating or capital leases.

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

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

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

No assurance provided. See summary of significant assumptions.

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

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

*Estimated amounts