STONE CREEK METROPOLITAN DISTRICT

FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2024

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FLYNN CPA, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Stone Creek Metropolitan District

Douglas County, CO

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Flynn CPA, LLC

Castle Pines, Colorado
March 24, 2025

STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

		Governmental Activities
ASSETS		
Cash and investments	$	461,372
Cash and investments – restricted		665,119
Accounts receivable		10,197
Receivable – specific ownership taxes		4,735
Property taxes receivable		718,100
Prepaid expenses		-
Land		165,338
Depreciable capital assets, net		4,285,430
Total Assets		**6,310,291**
LIABILITIES		
Accounts payable and accrued liabilities		23,821
Accrued interest payable		39,271
Current portion of Series 2023 Bank Loan		25,000
Series 2023 Bank Loan		9,630,500
Total Liabilities		**9,718,592**
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue		718,100
NET POSITION (DEFICIT)		
Restricted:		
Emergency reserves		16,300
Debt service		33,731
Capital projects		618,570
Non-spendable		-
Unassigned:		(4,795,002)
Net Position (Deficit)	**$**	**(4,126,401)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2024

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Primary Government:					
Government Activities:					
General government activities	$ (400,876)	$ 552,709	$ 90,406	$ -	$ 242,239
Interest and related costs on long-term debt	(542,914)		-	-	(542,914)
Capital project activities	(269,398)	-	-		(269,398)
	$ (1,213,188)	**$ 552,709**	**$ 90,406**	**$ -**	(570,073)
	General Revenues				
	Property taxes				711,213
	Specific ownership taxes				52,826
	Net investment income				47,654
	Total general revenue				**811,693**
	Change in net position				241,620
	Net Position (Deficit) – Beginning of Year				(4,368,021)
	Net Position (Deficit) – End of Year				**$ (4,126,401)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
ASSETS				
Cash and investments	$ 461,372	$ -	$ -	$ 461,372
Cash and investments - Restricted	16,300	30,249	618,570	665,119
Property accounts receivable	10,197	-	-	10,197
Receivable - specific ownership tax	1,253	3,482		4,735
Accounts receivable - special assessments due from Treasurer	-	-	-	-
Property taxes receivable	186,600	531,500	-	718,100
Prepaid expenses	-	-	-	-
TOTAL ASSETS	**$ 675,722**	**$ 565,231**	**$ 618,570**	**$ 1,859,523**
LIABILITIES				
Accounts payable and accrued liabilities	$ 10,642	$ -	$ -	$ 10,642
Property accounts - credits balances	13,179	-	-	13,179
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	186,600	531,500	-	718,100
FUND BALANCES				
Restricted:				
Emergencies (TABOR)	16,300	-	-	16,300
Debt service	-	33,731	-	33,731
Capital projects	-	-	618,570	618,570
Non-spendable	-	-	-	-
Unrestricted	449,001	-	-	449,001
TOTAL FUND BALANCES	465,301	33,731	618,570	1,117,602
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 675,722**	**$ 565,231**	**$ 618,570**	

Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore are recorded as expenditures in the funds	
Land	165,338
Property, structures and equipment, net	4,285,430
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Series 2023 Bank Loan	(9,655,500)
Accrued interest payable	(39,271)
Net position of governmental activities	**$ (4,126,401)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2024

	General Fund	Debt Service Fund	Capital Project Fund	Total Government Funds
REVENUES				
Property taxes	$ 188,274	$ 522,939	$ -	$ 711,213
Specific ownership taxes	13,984	38,842	-	52,826
Maintenance assessments	476,640	-	-	476,640
Late fee income	32,054	-	-	32,054
Covenant violation fine income	4,200	-	-	4,200
Reimb expenses - collection costs	-	-	-	-
Net investment income	27,478	20,176	-	47,654
Cielo Metro District cost share contributions	90,406	-	-	90,406
Other income	39,815	-	-	39,815
Total Revenues	872,851	581,957	-	1,454,808
EXPENDITURES				
General and administration	108,520	-	-	108,520
Landscape maintenance - parks & open spaces	60,707	-	-	60,707
Capital asset maintenance	14,597	-	-	14,597
Pool & clubhouse maintenance and operation	149,916			149,916
Other district expenses	14,758	-	-	14,758
Trash hauling services	52,378	-	-	52,378
Debt service				
Direct and indirect collection costs	-	10,349	-	10,349
Interest payments on 2023 Bank Loan	-	519,379	-	519,379
Principal payments on 2023 Bank Loan	-	27,500	-	27,500
Major capital projects	-	-	138,383	138,383
Total Expenditures	400,876	557,228	138,383	1,096,487
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	471,975	24,729	(138,383)	358,321
OTHER FINANCING SOURCES (USES)				
Fund Transfers In / (Out)	(258,100)	-	258,100	-
Proceeds from Series 2023 Bank Loan	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	213,875	24,729	119,717	358,321
FIND BALANCES – BEGINNING	251,426	9,002	498,853	759,281
FUND BALANCES – END OF YEAR	**$ 465,301**	**$ 33,731**	**$ 618,570**	**$ 1,117,602**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2024

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – Total government funds	$	358,321
The issuance of long-term debt (e.g., bonds) 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.		
Repayment of Series 2018A Bonds		27,500
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 expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:		
Depreciation expense on property, structures and equipment		(186,194)
Capital asset purchases		55,179
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.		
Change in accrued interest on 2023 Bank Loan		(13,186)
Changes in net position of governmental activities	**$**	**241,620**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 186,600	$ 188,274	$ 1,674
Specific ownership taxes	16,000	13,984	(2,016)
Maintenance assessments	476,640	476,640	-
Cielo Metro District cost share contributions	86,000	90,406	4,406
Late fee income	5,000	32,054	27,054
Net investment income	560	27,478	26,918
Other income	-	39,815	39,815
Total Revenues	770,800	872,851	102,051
EXPENDITURES			
General and administration	110,200	108,520	1,680
Landsscape maintenance - parks & open spaces	137,100	60,707	76,393
Capital asset maintenance	19,400	14,597	4,803
Pool and clubhouse maintenance and operation	157,600	149,916	7,684
Other district expenses	20,200	14,758	5,442
Trash hauling services	68,200	52,378	15,822
Total Expenditures	512,700	400,876	111,824
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	258,100	471,975	213,875
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(258,100)	(258,100)	-
Total Other Financing Sources (Uses)	(258,100)	(258,100)	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	-	213,875	213,875
FUND BALANCE – BEGINNING OF YEAR	184,500	251,426	66,926
FUND BALANCE – END OF YEAR	**$ 184,500**	**$ 465,301**	**$ 280,801**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	$ 73,200	$ 73,200	$ -
Administrative costs	6,000	5,954	46
Audit fees	7,200	8,500	(1,300)
Collection fees – County Treasurer	2,800	2,826	(26)
Board of Directors' fees	-	-	-
Insurance	5,000	6,559	(1,559)
Legal fees	10,000	4,570	5,430
Collection services	3,000	3,724	(724)
Board election expenses	-	-	-
Contingency	3,000	3,187	(187)
Total General and Administration	**$ 110,200**	**$ 108,520**	**$ 1,680**
LANDSCAPING MAINTENANCE - PARKS & OPEN SPACES			
Ground maintenance fees	$ 25,400	$ 22,181	$ 3,219
Tree maintenance & replacement	10,000	-	10,000
Sprinkler & backflow repairs	10,000	13,800	(3,800)
Sprinklers – water	8,700	10,605	(1,905)
Sprinklers – electricity	2,000	515	1,485
Landscaping projects	80,000	7,642	72,358
Detention pond maintenance	-	-	-
Miscellaneous landscape costs	1,000	5,964	(4,964)
Total Landscaping Maintenance	**$ 137,100**	**$ 60,707**	**$ 76,393**
CAPITAL ASSET MAINTENANCE			
Perimeter fence maintenance	$ -	$ -	$ -
Playground maintenance	2,500	90	2,410
Monument sign maintenance	2,500	198	2,302
Insurance property	14,400	14,309	91
Total Capital Asset Maintenance	**$ 19,400**	**$ 14,597**	**$ 4,803**
POOL & CLUBHOUSE MAINT AND OPERATION			
Pool maintenance fees	$ 21,000	$ 14,275	$ 6,725
Pool chemicals	7,500	9,250	(1,750)
Pool repairs	6,400	1,730	4,670
Clubhouse cleaning services	15,000	16,587	(1,587)
Electricity	4,900	4,305	595
Gas - pool heating	8,000	4,598	3,402
Water and sewer	5,000	2,378	2,622
Internet services	5,800	5,824	(24)
Clubhouse maintenance and repairs	5,000	31,763	(26,763)
Clubhouse dumpster services	2,300	2,037	263
Fitness Equipment Lease Payments	18,200	18,119	81
Water - Landscape irrigation	7,000	116	6,884
Snow removal - Parking lot & sidewalks	9,800	2,510	7,290
Property insurance	11,300	9,263	2,037
Legal Services - Clubhouse/Pool	10,000	6,761	3,239
Management services - Clubhouse/Pool	15,000	15,000	-
Accounting services - Clubhouse/Pool	5,400	5,400	-
Total Pool & Clubhouse Maint and Operation	**$ 157,600**	**$ 149,916**	**$ 7,684**
OTHER DISTRICT EXPENSES			
Snow removal	$ 15,200	$ 12,148	$ 3,052
Vandalism	1,000	-	1,000
Park and recreation events	4,000	2,610	1,390
Covenant enforcement	-	-	-
Total Other District Expenses	**$ 20,200**	**$ 14,758**	**$ 5,442**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Stone Creek Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 25, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by Douglas County (County) in September 2014. The District's service area is approximately 252 acres located entirely within Douglas County, Colorado and is comprised of 331 single family homes on the west side of South Parker Road and south of Scott Avenue. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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 organizations 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 organizations 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 has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are 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.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows of the District is reported as net position.

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 instead as general revenues.

Separate financial statements are provided for 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is 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 general obligation 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.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

In accordance with Colorado State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures 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.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

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 sales 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. In 2024, the District's share of Specific ownership taxes received from the County was equal to approximately 7.7% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Operations Fee

On February 01, 2019, the District adopted the Amended and Restated Resolution Regarding the Imposition of District Fees at the rate of $120/month per house on each of the 331 homes within the District. The purpose of the fee is to fund the following services provided by the District to its residents: (1) weekly trash collection services, (2) maintenance of public parks and open spaces, (3) public recreation events and (4) maintenance and operation of a community pool and clubhouse.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2024 are comprised of property taxes due from Douglas County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets that are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Equipment Lease

In June 2017, GASB issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The District's lease of exercise equipment is considered a financing purchase and is not subject to accruals as defined by this standard.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

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: non-spendable, 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:

- ***Non-spendable fund balance*** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.

- ***Restricted fund balance*** – The portion of a fund balance that is constrained to being used for a specific purpose by external parties (such as lenders), constitutional provisions, or enabling legislation.

- ***Committed fund balance*** – The portion of a 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 a 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 a fund balance that does not meet any of the criteria described above.

If more than one classification of find balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments – unrestricted	$ 461,372
Cash and investments – restricted	665,119
Total cash and investments	**$ 1,126,491**

Cash and investments as of December 31, 2024 consist of the following:

Deposits with financial institutions	$ 214,592
Investments	911,899
Total cash and investments	**$ 1,126,491**

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, 2024, the District's cash deposits had a bank balance and carrying balance of $214,592.

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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2024, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	$ 910,984
Fidelity Government Port III FCGXX	Weighted Average Under 60 Days	915
	Total	$ 911,899

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAm by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS & LAND

An analysis of the changes in capital assets for the 12-month period ended December 31, 2024, follows:

	Balance at Dec. 31, 2023	Additions	Dedications	Balance at Dec. 31, 2024	Accumulated Depreciation
Clubhouse - structure	$ 1,800,000	$ -	$ -	$ 1,800,000	($ 185,161)
Clubhouse – equipment/furniture	119,000	9,832	-	128,832	(34,000)
Pool - structure	1,200,000	-	-	1,200,000	(80,000)
Pool – equipment/furniture	41,300	45,347	-	86,647	(14,520)
Parking lot	90,000	-	-	90,000	(5,750)
Sidewalks	740,000	-	-	740,000	(37,000)
Detention pond structures	125,000	-	-	125,000	(6,250)
Monument signs and tower	135,000	-	-	135,000	(18,000)
Pavilions (4 count)	213,000	-	-	213,000	(21,300)
Park benches and tables	27,000	-	-	27,000	(5,400)
Playground equipment	170,000	-	-	170,000	(22,668)
Total	**$ 4,660,300**	**$ 55,179**	**$ -**	**$ 4,715,479**	**($ 351,216)**

The District owns and maintains approximately 165.3 acres of public open spaces located within the District. The District has recorded the public land and related water rights at a nominal value of $165,338.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2024:

	Balance at Dec. 31, 2023	Additions	Retirements	Balance at Dec. 31, 2024	Due within one year
2023 Bank Loan	$ 9,683,000	$ -	($ 27,500)	$ 9,655,500	$ 25,000
Accrued Interest – 2023 Bank Loan	26,085	532,565	(519,379)	39,271	39,271
Total	**$ 9,709,085**	**$ 532,565**	**($ 546,879)**	**$ 9,694,771**	**$ 64,271**

Details regarding the District's long-term obligations are as follows:

Series 2023 Bank Loan

On December 13, 2023, the District borrowed $9,683,000 from Zions Bank for the purpose of refinancing its 2018 General Obligation Limited Tax Bonds and funding $500,000 in additional public park and recreational facilities. The Series 2023 Loan is due December 1, 2053. Interest on the Loan is 5.50% and is adjusted every five years beginning on December 01, 2030 to a rate that is the greater of (a) the sum of the 5-Year U.S. Treasury Rate plus 250 basis points, multiplied by 80%, or (b) 4.752%. Interest is payable semi-annually on June 1st and December 1st and principal payments are payable December 1st each year. The Series 2023 Bank Loan is secured by the Pledged Revenues and all moneys and earnings thereon. Pledged Revenues consists of revenues collected by the District from the imposition of the Required Mill Levy.

The Series 2023 Bank Loan is subject to redemption prior to maturity, at the option of the District on December 13, 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:

Date of Redemption	Redemption Premium (%)	Redemption Premium ($)
Dec. 13, 2023 to Dec. 01, 2026	3.0%	$ 289,665
Dec. 02, 2026 to Dec. 01, 2028	1.0%	$ 96,555
Dec. 01, 2028 and thereafter	0.0%	$ -

The Series 2023 Bank Loan is secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the specific ownership tax which is collected as a result of the imposition of the Required Mill Levy, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. The Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal and interest on the Loan as the same becomes due and payable but not to exceed 50 mills as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since September 23, 2014. As of September 23, 2014, the ratio was 7.96%. The ratio for 2024 was 6.70%, which caused the Maximum Required Mill Levy for debt service for 2024 to be 59.403.

Outstanding principal and interest on the Series 2023 Bank Loan mature as follows:

	Principal	**Interest**	**Total**
2025	$ 25,000	$ 531,053	$ 556,053
2026	35,000	529,678	564,678
2027	40,000	527,753	567,753
2028	55,000	525,553	580,553
2029	55,000	522,528	577,528
2030-2034	895,000	2,517,765	3,412,765
2035-2039	1,395,000	2,208,115	3,603,115
2040-2044	1,920,000	1,769,765	3,689,765
2045-2049	2,580,000	1,172,465	3,752,465
2050-2053	2,655,500	374,662	3,030,162
Total	**$ 9,655,500**	**$ 10,679,337**	**$ 20,334,837**

The District's detail debt service schedule for its Series 2023 Bank Loan is provided on page 26.

Events of Default – Series 2023 Bank Loan

The following events are considered events of default under the Series 2023 Bank Loan Agreement: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Loan Agreement, (2) the District fails to pay the principal or interest on the Loan when due, (3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Loan Agreement or other Financing Documents and fails to remedy the same after notice thereof is provided to the District by the Bank or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bank Loan. Failure to pay the principal of or interest on the Bank Loan when due shall not, of itself, constitute an Event of Default if the District has levied the Required Mill Levy, complied with all covenants and conditions of the Bank Loan and remitted all Pledged Revenues to the Bank. Available remedies for an Event of Default are (1) exercise any and all remedies available under the Custodial Agreement; or (b) take any other action or remedy available under the other Financing Documents or any other document, or at law or in equity. Acceleration of the repayment of the Bank Loan is not an available remedy for an Event of Default.

Exercise Equipment Lease Purchase Agreement

On May 10, 2021, the District financed the purchase of 12 fitness equipment (located in the clubhouse) with Alliance Funding Group, Inc. The purchase price of the equipment was $79,067. The lease term is 60 months (ending May 2026) at an effective annual interest rate of 5.50% and the monthly payments are $1,510. The District will retain ownership of all equipment once the lease is paid in full.

Debt Authorization

Debt Authorization – Service Plan

The District's Service Plan, which was approved by Douglas County on September 23, 2014, authorizes the District to issue up to $18 million in debt at an interest rate not to exceed 12% and repayment of such debt, including any refinancing of such debt, shall not be over a period in excess of 30 years from the date the District first issues any debt.

The District's Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2004. As of September 23, 2014, the ratio was 7.96%. The ratio for 2024 was 6.70%, which caused the District's Maximum Mill Levy for debt service for 2024 to be 59.403.

As of December 31, 2024, total remaining debt issuance authorization under the District's Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	$ 18,000,000
Less:	
2018A Senior Bonds	(8,275,000)
2018B Subordinate Bonds	(1,195,000)
Equipment Lease	(79,067)
Unused, authorized debt issuance as of Dec. 31, 2024	**$ 8,450,933**

Debt Authorization – TABOR

On November 4, 2014, the District's electors authorized the issuance of indebtedness at an interest rate not to exceed 12% in an amount not to exceed $198,000,000 for infrastructure improvements, $18,000,000 for operations and $18,000,000 for refunding the District's debt.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov. 2014 Election	Voter Authorization Used			Remaining Authorization
		2018 Bonds	Equipment Lease	2023 Bank Loan	
Street improvements	$ 18,000,000	$ 2,327,346	$ -	$ -	$ 15,672,654
Park and recreational facilities	18,000,000	607,073	79,067	500,000	16,813,860
Storm drainage & sewer facilities	18,000,000	5,789,511	-	-	12,210,489
Water supply facilities	18,000,000	16,998	-	-	17,983,002
Transportation facilities	18,000,000	-	-	-	18,000,000
Mosquito control facilities	18,000,000	-	-	-	18,000,000
Traffic safety protection facilities	18,000,000	729,072	-	-	17,270,928
Fire protection facilities	18,000,000	-	-	-	18,000,000
Television relay facilities	18,000,000	-	-	-	18,000,000
Security service facilities	18,000,000	-	-	-	18,000,000
Operations and maintenance	18,000,000	-	-	-	18,000,000
Intergovernmental agreements	18,000,000	-	-	-	18,000,000
Subtotal	**216,000,000**	**9,470,000**	**79,067**	**500,000**	**205,950,933**
Refunding of debt	18,000,000	-	-	9,183,000	8,817,000
Total	**$234,000,000**	**$ 9,470,000**	**$ 79,067**	**$ 9,683,000**	**$214,767,933**

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District's electors will expire in November 2034 - 20 years after the original debt authorization election.

NOTE 6 – CONTINGENT OBLIGATIONS

The District has entered into three contingent obligation agreements with the Developers (as defined in Note 9). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner ("Commissioner"). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. None of these contingent obligation agreements are transferrable to third parties. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing, as of December 31, 2024:

Operation Funding Agreement. Effective as of December 15, 2014, the District entered into an Operation Funding Agreement, as amended most recently on November 18, 2020 (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 $380,000, on a periodic basis as needed for the fiscal years 2014-2021 (Operations Advances).

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.

The obligations of Developer to advance funds expired on December 31, 2021. In the event the District has not reimbursed the Developer for any Operations Advances on or before December 31, 2051, any amount of principal and accrued interest outstanding on such date is deemed to be forever discharged and satisfied in full.

On April 4, 2022, the District and Developer entered into the Seventh Amendment to the OFA. In consideration of the Shortfall Funding Agreement (explained below), the Developer agreed to waive all accrued interest and future accrual of interest on outstanding Developer advances and to subordinate its right to repayment of the Developer advances under the OFA to the repayment of the Builder Advances under the Shortfall Funding Agreement.

For the 12-month period ended December 31, 2024, District payments made under the OFA is as follows:

	Principal
Beginning Balance (Jan. 01, 2024)	$ 350,797
Payments to the Developer	-
Ending Balance (Dec. 31, 2024)	**$ 350,797**

Facilities Acquisition Agreement. The District and the Developer entered into a Facilities Acquisition Agreement (the Original FAA), with an effective date of August 4, 2016, setting forth the rights, obligations and procedures with respect to the District acquiring Developer-Constructed public infrastructure and the District reimbursing the Developer up to a maximum of $16 million for costs related to organizing the District and constructing public infrastructure. The District acknowledged in the Original 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. Simple interest accrues on organization costs and construction costs claimed by the Developer at a per annum rate of the lesser of (1) the rate of the current Bond Buyer 20-Bond GO Index plus 4% per annum or (2) 8.0%.

The Original 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.

On April 4, 2022, the District entered into an Amended and Restated Facilities Acquisition Agreement (the AIR FAA) with the Developer, which amended and restated the Original FAA in its entirety. In consideration of the Shortfall Funding Agreement (as explained below), the Developer agreed to waive all accrued interest and future accrual of interest on outstanding Developer advances under the Original FAA; and to subordinate its right to repayment of the Developer Advances under the AIR FAA to repayment of the Builder Advances under the Shortfall Funding Agreement. The Developer did not waive accrual of interest on capital Developer advances that may be made under the A/R FAA in the future.

For the 12-month period ended December 31, 2024, District payments made under the Original FAA is as follows:

	Principal
Beginning Balance (Jan. 01, 2024)	$ 8,995,528
Payments to the Developer	-
Ending Balance (Dec. 31, 2024)	**$ 8,995,528**

Shortfall Funding Agreement. Concurrent with the AIR FAA and the Seventh Amendment to the OFA, on April 4, 2022, the District entered into a Shortfall Funding Agreement with the Developer and Richmond American Homes of Colorado, Inc, Taylor Morrison of Colorado, Inc and KB Home Colorado, Inc (collectively, the “Builders”) to provide funding to the District (the Shortfall Funding Agreement).

Under the Shortfall Funding Agreement, the Builders agreed to advance funds necessary to fund the District's Total Operations Shortfall and the Total Capital Soft Costs Shortfall, which amounts were based upon the Builders' respective percentage of platted lots (collectively, the Builder Advances). The Builder Advances were a one-time advance, and the Builders were not obligated to fund additional costs outside of the Builder Advances contemplated in the Shortfall Funding Agreement. The District agreed to return any unused portion of the Operations Shortfall Advances to the Builders no later than March 31, 2023, and to return any unused portion of the Capital Soft Costs Advances to the Builders no later than March 31, 2024.

If the Developer does not repay the Builder Advances, the District agreed to repay to the Builders any remaining Builder Advances made under the Shortfall Funding Agreement, to the extent the District has available revenue, subject to annual budget and appropriation (the Builder Reimbursement). The District is not obligated to pay interest on Builder Advances. The Builder Reimbursement has a priority claim over District payments to the Developer under the OFA and AIR FAA.

For the 12-month period ended December 31, 2024, Builder Advances made under the Shortfall Funding Agreement is as follows:

	Principal
Beginning Balance (Jan. 01, 2024)	$ 136,043
Payments to the Builders by District	-
Payments to the Builders by Developer	-
Ending Balance (Dec. 31, 2024)	**$ 136,043**

NOTE 7 – NET POSITION (DEFICIT)

Restricted Net Position

The District’s restricted net position as of December 31, 2024 in the general fund, debt service fund and capital projects fund totaled $16,300, $33,731 and $618,570, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2023 Bank Loan. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction of public infrastructure.

Unassigned Net Position

The District's unassigned net position as of December 31, 2024 totaled ($4,795,002). This deficit amount was a result of the District being responsible for the repayment of general obligation debt issued for public improvements conveyed to the County and the District.

NOTE 8 – AGREEMENTS

Cost Share Agreement w Cielo Metropolitan District

On August 25, 2021, the District and Cielo Metropolitan District No 2 (Cielo MD) entered into a cost-sharing agreement regarding the operation and maintenance of the District’s community pool and clubhouse. The pool is located within the District and is accessible to the residents of all 331 homes within the District and the 343 homes within Cielo MD (which encompasses the Allison’s Ranch subdivision). Per the agreement, the District operates and maintains the pool and clubhouse and is reimbursed by Cielo MD for 51% of the costs incurred by the District to operate and maintain the pool and clubhouse. The pool’s operating and maintenance costs are allocated proportionally between the two districts based on the total homes within each district.

This Agreement may be terminated by the mutual written agreement of both districts. The District may prohibit Cielo MD property owners from accessing the pool and clubhouse facilities if Cielo MD defaults on any terms contained in this Agreement. If the District defaults under this Agreement, Cielo MD may exercise any remedies available at law or in equity against the District.

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, all public infrastructure within the District (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.

NOTE 9 – RELATED PARTIES

The owners and developers of the land within the District were KB Home Colorado, Inc, LLC (KBHC), Taylor Morrison of Colorado, Inc (TMC) and Choke Cherry Investors, LLC (CCI) (collectively, the “Developers”).

In 2024, none of the directors serving on the District’s Board were affiliated with the Developer and no directors reported conflicts of interest regarding their service on the Board.

As of December 31, 2024, active agreements between the District and the Developer were as follows:

- Operation Funding Agreement (2014 to 2022) between the District and the Developer (See Note 6), which was executed when the District’s board was comprised entirely of individuals employed by the Builders and Developer
- August 2016 Facilities Acquisition Agreement between the District and the Developer (See Note 6), which was executed when the District’s board was comprised entirely of individuals employed by the Builders and Developer
- April 2022 Shortfall Funding Agreement among the District, the Developer and the Builders (See Note 6), which was executed when the District’s board was comprised entirely of individuals employed by the Builders and Developer

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 (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, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution—referred to 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.

On November 4, 2014, the District's three electors (all of whom were employees or spouses of employees of the Developer) unanimously voted to authorize the District to levy up to $2,000,000 in property taxes annually (exclusive of property taxes levied for debt service) for the following purposes:

- assess property taxes at no more than $1,000,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses; and

- assess property taxes at no more than $1,000,000 annually, without limitation to rate, to fund intergovernmental agreements, other contracts or regional improvement costs.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

SUPPLEMENTARY INFORMATION

STONE CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	$ 518,600	$ 522,939	$ 4,339
Specific ownership taxes	44,600	38,842	(5,758)
Net investment income	10,000	20,176	10,176
Total Revenues	573,200	581,957	8,757
EXPENDITURES			
Direct and indirect collection costs	10,300	10,349	(49)
Debt service			
Interest payments on 2023 Bank Loan	532,600	519,379	13,221
Principal payments on 2023 Loan	27,500	27,500	-
Total Expenditures	570,400	557,228	13,172
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,800	24,729	21,929
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Proceeds from Series 2023 Bank Loan	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,800	24,729	21,929
FUND BALANCE – BEGINNING	5,000	9,002	4,002
FUND BALANCE – END OF YEAR	**$ 7,800**	**$ 33,731**	**$ 25,931**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	$ 7,800	$ 7,849	$ (49)
Bond paying agent fees	2,500	2,500	-
Miscellaneous	-	-	-
Total Direct and Indirect Collection Costs	**$ 10,300**	**$ 10,349**	**$ (49)**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2024

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Other revenue	$ -	$ -	$ -
Net investment income	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
Management services	-	-	-
Capital projects			
Major capital projects	358,500	138,383	220,117
Total Expenditures	358,500	138,383	220,117
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(358,500)	(138,383)	220,117
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	258,100	258,100	-
Total Other Financing Sources (Uses)	258,100	258,100	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	(100,400)	119,717	220,117
FUND BALANCE – BEGINNING OF YEAR	513,900	498,853	(15,047)
FUND BALANCE – END OF YEAR	**$ 413,500**	**$ 618,570**	**$ 205,070**

These financial statements should be read only in connection with the accompanying notes to the financial statements.

STONE CREEK METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2024

The District's repayment schedule for its Series 2023 bank loan is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2025	$ 25,000	$ 531,053	5.500%	$ 556,053
2026	35,000	529,678	5.500%	564,678
2027	40,000	527,753	5.500%	567,753
2028	55,000	525,553	5.500%	580,553
2029	55,000	522,528	5.500% [A] [B]	577,528
2030	75,000	519,503	5.500% [A]	594,503
2031	180,000	515,378	5.500% [A]	695,378
2032	200,000	505,478	5.500% [A]	705,478
2033	210,000	494,478	5.500% [A]	704,478
2034	230,000	482,928	5.500% [A] [B]	712,928
2035	240,000	470,278	5.500% [A]	710,278
2036	265,000	457,078	5.500% [A]	722,078
2037	275,000	442,503	5.500% [A]	717,503
2038	300,000	427,378	5.500% [A]	727,378
2039	315,000	410,878	5.500% [A] [B]	725,878
2040	340,000	393,553	5.500% [A]	733,553
2041	355,000	374,853	5.500% [A]	729,853
2042	385,000	355,328	5.500% [A]	740,328
2043	405,000	334,153	5.500% [A]	739,153
2044	435,000	311,878	5.500% [A] [B]	746,878
2045	455,000	287,953	5.500% [A]	742,953
2046	490,000	262,928	5.500% [A]	752,928
2047	510,000	235,978	5.500% [A]	745,978
2048	550,000	207,928	5.500% [A]	757,928
2049	575,000	177,678	5.500% [A] [B]	752,678
2050	615,000	146,053	5.500% [A]	761,053
2051	640,000	112,228	5.500% [A]	752,228
2052	685,000	77,028	5.500% [A]	762,028
2053	715,500	39,353	5.500% [A]	754,853
	$ 9,655,500	**$ 10,679,337**		**$ 20,334,837**

The original amount borrowed under the Series 2023 bank loan was $9,683,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

Note [A] - Interest rate adjusts once every 5 years and is equal to the greater of (1) the sum of the 5-year Treasury Rate plus 250 basis points multiplied by 80% or (2) 4.752%.

Note [B] - First year of 5-year adjusted interest rate.

STONE CREEK METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2024

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Levied	Collected (Note A)	
2019	$ 58,510	11.055	55.277	$ 3,857	$ 3,857	100.0%
2020	5,215,040	11.132	55.664	339,627	339,627	100.0%
2021	6,607,040	11.132	55.664	441,325	436,282	98.9%
2022	8,540,970	11.132	55.664	570,500	558,136	97.8%
2023	11,164,910	11.385	56.926	762,600	762,645	100.0%
2024	15,713,880	11.881	33.000	705,200	711,213	100.9%
2025	15,715,280	11.874	33.821	718,100	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

STONE CREEK METROPOLITAN DISTRICT

CHANGE IN TOTAL OVERLAPPING MILL LEVY

December 31, 2024

	2023 Mill Levy *	2024 Mill Levy **	Change
Stone Creek Metropolitan District	44.881	45.695	0.814
Douglas County Re-1 School District	45.934	40.324	(5.610)
Douglas County	24.274	23.930	(0.344)
Franktown Fire Protection District	13.000	13.000	-
Douglas County Law Enforcement	4.500	4.500	-
Douglas County Libraries	3.513	4.000	0.487
Urban Drainage & Flood Control District	0.900	0.900	-
Cherry Creek Basin Water Quality Authority	0.425	0.430	0.005
Urban Drainage – South Platte Subdistrict	0.100	0.100	-
Total Mill Levy	**137.527**	**132.879**	**(4.648)**

* -- For property tax collections in 2024

** -- For property tax collections in 2025

STONE CREEK METROPOLITAN DISTRICT

HISTORICAL DEBT RATIOS

December 31, 2024

	2020	2021	2022	2023	2024
General Obligation Debt	$ 9,470,000	$ 9,470,000	$ 9,460,000	$ 9,683,000	$ 9,655,500
Accrued, unpaid interest - Debt	323,466	439,662	532,657	26,085	39,271
Restricted cash in debt fund	(1,195,920)	(1,111,417)	(1,142,086)	(5,190)	(31,628)
Combined assessed property values within the District	6,607,040	8,540,970	11,164,910	15,713,880	15,715,280
Ratio of debt to assessed property values	130.1%	103.0%	79.3%	61.8%	61.5%