STONE CREEK METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

STONE CREEK METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2021

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Board of Directors
Stone Creek Metropolitan District
Douglas County, Colorado

Independent Auditor's Report

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, 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Stone Creek Metropolitan District as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (GAAP), 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 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 GAAS 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 GAAS, 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 Supplemental Information

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

Supplementary Information

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

Other and Continuing Disclosure Information

The other and continuing disclosure information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 30, 2022

BASIC FINANCIAL STATEMENTS

STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments	$ 38,875
Cash and Investments - Restricted	1,116,317
Accounts Receivable	31,140
Receivable - County Treasurer	907
Property Taxes Receivable	570,503
Capital Assets, Not Being Depreciated:	
Construction in Progress	15,702,723
Total Assets	17,460,465
LIABILITIES	
Accounts Payable	124,366
Retainage Payable	1,510
Accrued Interest Payable	38,789
Noncurrent Liabilities:	
Due Within One Year	10,000
Due in More Than One Year	21,500,137
Total Liabilities	21,674,802
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	570,503
Unearned Revenue	17,501
Total Deferred Inflows of Resources	588,004
NET POSITION	
Restricted for:	
Emergency Reserves	4,900
Debt Service	373,384
Unrestricted	(5,180,625)
Total Net Position	$ (4,802,341)

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 335,251	$ 122,840	$ 5,560	$ -	$ (206,851)
Interest and Related Costs on Long-Term Debt	1,349,178	-	-	-	(1,349,178)
Total Governmental Activities	$ 1,684,429	$ 122,840	$ 5,560	$ -	(1,556,029)
	GENERAL REVENUES				
	Property Taxes				436,282
	Specific Ownership Taxes				42,561
	Interest Income				200
	Total General Revenues				479,043
	CHANGE IN NET POSITION				(1,076,986)
	Net Position - Beginning of Year				(3,725,355)
	NET POSITION - END OF YEAR				$ (4,802,341)

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS-
DECEMBER 31, 2021

	General	Fee Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	$ 10,909	$ 27,143	$ -	$ 823	$ 38,875
Cash and Investments - Restricted	2,400	2,500	1,111,417	-	1,116,317
Due From Other Funds	17,474	-	-	-	17,474
Accounts Receivable	-	31,140	-	-	31,140
Receivable - County Treasurer	151	-	756	-	907
Property Taxes Receivable	95,078	-	475,425	-	570,503
Total Assets	$ 126,012	$ 60,783	$ 1,587,598	$ 823	$ 1,775,216
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 61,573	57,792	$ -	$ 5,001	$ 124,366
Retainage Payable	-	1,510	-	-	1,510
Due To Other Funds	-	-	-	17,474	17,474
Total Liabilities	61,573	59,302	-	22,475	143,350
DEFERRED INFLOWS OF RESOURCES					
Property Tax Revenue	95,078	-	475,425	-	570,503
Unearned Revenue	-	17,501	-	-	17,501
Total Deferred Inflows of Resources	95,078	17,501	475,425	-	588,004
FUND BALANCES					
Restricted:					
Emergency Reserves	4,900	2,500	-	-	4,900
Debt Service	-	-	1,112,173	-	1,112,173
Unassigned	(35,539)	(18,520)	-	(21,652)	(75,711)
Total Fund Balances	(30,639)	(16,020)	1,112,173	(21,652)	1,043,862
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 126,012	$ 60,783	$ 1,587,598	$ 823	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital Assets, Not Being Depreciated	15,702,723
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(9,470,000)
Accrued Interest on Bonds Payable	(439,662)
Developer Advance Payable	(9,346,325)
Accrued Interest on Developer Advance	(2,292,939)
Net Position of Governmental Activities	$ (4,802,341)

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Fee Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property Taxes	$ 72,710	$ -	$ 363,572	$ -	$ 436,282
Specific Ownership Taxes	7,093	-	35,468	-	42,561
Interest Income	15	-	185	-	200
District Fees	-	104,570	-	-	104,570
Administrative Fees	-	17,400	-	-	17,400
Other Revenue	-	870	-	-	870
Cielo Cost Share	-	5,560	-	-	5,560
Total Revenues	79,818	128,400	399,225	-	607,443
EXPENDITURES					
General, Administrative, Operations and Maintenance:					
Accounting	33,290	-	-	-	33,290
Audit	4,250	-	-	-	4,250
County Treasurer Fee	1,091	-	5,455	-	6,546
District Management	22,975	-	-	-	22,975
Dues	581	-	-	-	581
Insurance	8,509	333	-	-	8,842
Legal	55,693	9,185	-	-	64,878
Miscellaneous	797	-	484	-	1,281
Billing and Collection	-	1,196	-	-	1,196
Community Management	-	33,386	-	-	33,386
Fitness Equipment Lease	-	10,569	-	-	10,569
Landscape Contract	-	96,918	-	-	96,918
Snow Removal	-	1,796	-	-	1,796
Trash Removal	-	27,930	-	-	27,930
Water	-	8,690	-	-	8,690
Capital-Related (Softcosts):					
Stormwater Improvements	-	-	-	18,062	18,062
Debt Service:					
Paying Agent Fee	-	-	6,000	-	6,000
Bond Interest	-	-	465,469	-	465,469
Total Expenditures	127,186	190,003	477,408	18,062	812,659
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(47,368)	(61,603)	(78,183)	(18,062)	(205,216)
OTHER FINANCING SOURCES (USES)					
Developer Advance	46,406	-	-	29,330	75,736
Other Financing Sources (Uses)	46,406	-	-	29,330	75,736
NET CHANGE IN FUND BALANCES	(962)	(61,603)	(78,183)	11,268	(129,480)
Fund Balances - Beginning of Year	(29,677)	45,583	1,190,356	(32,920)	1,173,342
FUND BALANCES - END OF YEAR	$ (30,639)	$ (16,020)	$ 1,112,173	$ (21,652)	$ 1,043,862

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balances - Governmental Funds		$ (129,480)
Amounts reported for governmental activities in the statement of activities are different because:		
The issuance of long-term debt (e.g., bonds, Developer advances) 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.		
Developer Advances		(75,736)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Interest on Developer Advance - Change in Liability	(755,574)	
Accrued Interest on Bonds - Change in Liability	(116,196)	(871,770)
Change in Net Position of Governmental Activities		$ (1,076,986)

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 73,550	73,550	$ 72,710	$ (840)
Specific Ownership Taxes	5,884	7,200	7,093	(107)
Interest Income	-		15	15
Total Revenues	79,434	80,750	79,818	(932)
EXPENDITURES				
General and Administration:				
Accounting	35,000	35,000	33,290	1,710
Audit	5,000	4,250	4,250	-
County Treasurer Fee	1,103	1,103	1,091	12
District Management	22,000	22,000	22,975	(975)
Dues	500	581	581	-
Election	-		-	-
Insurance	6,000	5,169	8,509	(3,340)
Legal	50,000	75,000	55,693	19,307
Miscellaneous	1,000	800	797	3
Contingency	9,397	6,097	-	6,097
Total Expenditures	130,000	150,000	127,186	22,814
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,566)	(69,250)	(47,368)	21,882
OTHER FINANCING SOURCES (USES)				
Developer Advance	51,066	101,427	46,406	(55,021)
Total Other Financing Sources (Uses)	51,066	101,427	46,406	(55,021)
NET CHANGE IN FUND BALANCE	500	32,177	(962)	(33,139)
Fund Balance - Beginning of Year	1,900	(29,677)	(29,677)	-
FUND BALANCE - END OF YEAR	$ 2,400	$ 2,500	$ (30,639)	$ (33,139)

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
FEE REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
District Fees	$ 276,360	$ 104,570	$ (171,790)
Administrative Fees	30,200	17,400	(12,800)
Other Revenue	-	870	870
Cielo Cost Share	-	5,560	5,560
Total Revenues	306,560	128,400	(178,160)
EXPENDITURES			
Operations and Maintenance:			
Administrative Expenses	5,000	-	5,000
Billing and Collection	5,000	1,196	3,804
Cluster Boxes	1,500	-	1,500
Community Management	18,000	33,386	(15,386)
Contingency	10,325	-	10,325
Fence Maintenance	2,500	-	2,500
Gas/Electricity	1,000	-	1,000
Irrigation Repairs	7,500	-	7,500
Landscape Contract	25,000	96,918	(71,918)
Legal	5,000	9,185	(4,185)
Lighting	1,000	-	1,000
Monuments	2,500	-	2,500
Native Area Maintenance	5,000	-	5,000
Prairie Dog Mitigation	2,500	-	2,500
Shared Amenity Fee	22,133	-	22,133
Snow Removal	15,000	1,796	13,204
Social Activities	6,000	-	6,000
Trash Removal	10,000	27,930	(17,930)
Water	20,000	8,690	11,310

See accompanying Notes to Basic Financial Statements.

STONE CREEK METROPOLITAN DISTRICT
FEE REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)			
Clubhouse Facility:			
Cleaning Contract	$ 5,000	$ -	$ 5,000
Cleaning Supplies	1,250	-	1,250
Clubhouse Repairs	2,500	-	2,500
Fitness Equipment Lease	12,000	10,569	1,431
Gas/Electricity	4,000	-	4,000
Insurance	5,000	333	4,667
Legal	1,000	-	1,000
Lighting Maintenance	750	-	750
Phone/IT	2,250	-	2,250
Pool Chemicals	5,000	-	5,000
Pool Lighting	1,000	-	1,000
Pool Maintenance	25,000	-	25,000
Snow Removal	2,500	-	2,500
Trash Removal	1,000	-	1,000
Water and Sewer	20,000	-	20,000
Total Expenditures	253,208	190,003	63,205
NET CHANGE IN FUND BALANCE	53,352	(61,603)	(114,955)
Fund Balance - Beginning of Year	39,912	45,583	5,671
FUND BALANCE - END OF YEAR	$ 93,264	$ (16,020)	$ (109,284)

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Stone Creek Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Douglas County, Colorado granted on November 25, 2014, and recorded on December 15, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing and ongoing operations of essential public-purpose facilities such as water, sanitation, streets, safety protection, parks and recreation, mosquito control, covenant enforcement and design review and security. The District will serve the public improvement needs of Stone Creek Ranch which is generally located at Scott Road and State Highway 83 (Parker Road) in Douglas County, Colorado. Under the Service Plan, the District will provide essential public improvements and services for a new residential community located entirely within Douglas County. The property in the District is anticipated to be developed consistent with the terms, requirements, and provisions of a Development Agreement.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fee Revenue Fund is used to account for the fees to be collected from lots and/or homeowners in the District to be used for operations and maintenance and clubhouse facility expenses.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District's 2021 budget has been amended.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

Deficits

The General Fund, Capital Projects Fund, and Fee Revenue Fund reported deficits in the fund financial statements as of December 31, 2021. The deficits were eliminated in 2022 with the receipt of funds advanced by the Developer and Homebuilders, and collection of District Fees.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	38,875
Cash and Investments - Restricted		1,116,317
Total Cash and Investments	$	1,155,192

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	$	46,840
Investments		1,108,352
Total Cash and Investments	$	1,155,192

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, 2021, the District's cash deposits had a bank and a carrying balance of $46,840.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

. Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
. General obligation and revenue bonds of U.S. local government entities
. Certain certificates of participation
. Certain securities lending agreements
. Bankers' acceptances of certain banks
. Commercial paper
. Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
. Certain money market funds
. Guaranteed investment contracts
* Local government investment pools

As of December 31, 2021, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset	Weighted-Average	
Trust (COLOTRUST)	Under 60 Days	$ 1,108,352

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, AND COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund, offer daily liquidity. Each share is equal in value to $1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS-24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS-24-75-601.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the Districts' capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Additions	Reductions/ Reclassifications	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 15,702,723	$ -	$ -	$ 15,702,723
Total Capital Assets, Not Being Depreciated	$ 15,702,723	$ -	$ -	$ 15,702,723

Certain capital assets (public improvements) will be conveyed by the District to other local governments; and after conveyance, the District will not be responsible for the maintenance of those assets. Further, upon acceptance of public improvements by other local governments, the District will remove the capital assets balances from its books.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Retirements	Balance - December 31, 2021	Due Within One Year
Bonds Payable:					
Limited Tax General Obligation					
Series 2018A - Principal	$ 8,275,000	$ -	$ -	$ 8,275,000	$ 10,000
Subordinate Limited Tax General Obligation					
Series 2018B - Principal	1,195,000	-	-	1,195,000	-
Series 2018B - Interest	-	400,873	-	400,873	-
Other Debts:					
Developer Advances:					
Principal	9,270,589	75,736	-	9,346,325	-
Accrued Interest	1,537,365	755,574	-	2,292,939	-
Total Debt	$ 20,277,954	$ 1,232,183	$ -	$ 21,510,137	$ 10,000

The details of the District's general obligation bonds outstanding are as follows:

General Obligation Limited Tax Bonds, Series 2018A (the 2018A Senior Bonds) and **Subordinate General Obligation Limited Tax Bonds, Series 2018B** (the 2018B Subordinate Bonds, and together with the 2018A Senior Bonds, the Bonds)

<u>Bond Details</u>

The District issued the Bonds on March 6, 2018, in the amounts of $8,275,000 for the 2018A Senior Bonds and $1,195,000 for the 2018B Subordinate Bonds. Proceeds from the sale of the Bonds were applied to fund and reimburse a portion of the costs of acquiring, constructing and installing certain public improvements and to pay other costs in connection with the Bonds. A portion of the proceeds from the sale of the 2018A Senior Bonds were applied to fund: (a) the Senior Reserve Fund; (b) capitalized interest on the 2018A Senior Bonds; and (c) an initial deposit to the Senior Surplus Fund.

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Bond Details (Continued)

The 2018A Senior Bonds bear interest at 5.625%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2022. The 2018A Senior Bonds mature on December 1, 2047. To the extent the principal of any 2018A Senior Bond is not paid when due, such principal will remain outstanding and continue to bear interest at the rate borne by the 2018A Bonds. To the extent interest is not paid when due, such interest shall compound semiannually on each June 1 and December 1. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2018A Senior Bonds.

The 2018B Subordinate Bonds bear interest at 7.875% and mature on December 15, 2047. The 2018B Subordinate Bonds are structured as cash flow bonds meaning that no regularly scheduled principal payments are due prior to the maturity date and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the 2018B Subordinate Bonds on each December 15 only to the extent Subordinate Pledged Revenue is available. To the extent principal of any 2018B Subordinate Bonds is not paid when due, such principal shall remain outstanding until the Termination Date of December 16, 2057 and shall continue to bear interest at the rate borne by the 2018B Subordinate Bonds. To the extent interest is not paid when due, such interest shall compound annually on December 15. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2018B Subordinate Bonds. The 2018B Subordinate Bonds and interest thereon are to be deemed to be paid and discharged on the Termination Date regardless of the amount of principal and interest paid prior to the Termination Date.

Optional Redemption

The 2018A Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Optional Redemption (Continued)

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

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

Pledged Revenue

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

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

Senior Required Mill Levy

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

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Senior Required Mill Levy (Continued)

In the event the method of calculating assessed valuation is changed after September 23, 2014, the minimum and maximum mill levies shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. As of the date of issuance of the Bonds, the maximum and minimum mill levies have adjusted upward to 55.664 mills.

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

Senior Reserve Fund

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

Senior Surplus Fund

The Senior Surplus Fund was partially funded in the amount of $350,000 from proceeds of the 2018A Senior Bonds. In addition, Senior Pledged Revenue that is not needed to pay debt service on the 2018A Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of $1,241,250. The Senior Surplus Fund is to be maintained as long as any 2018A Senior Bonds remain outstanding. When no 2018A Senior Bonds are outstanding, any moneys in the Senior Surplus Fund are required to be remitted to the District for application to any lawful purpose of the District. The balance in the Senior Surplus Fund as of December 31, 2021, was $363,198.

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

2018A Senior Bonds Debt Service

The outstanding principal and interest of the 2018A Senior Bonds are due as follows:

Year Ending December 31,	Principal	Interest	Total
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
2027-2031	870,000	2,107,970	2,977,970
2032-2036	1,320,000	1,815,189	3,135,189
2037-2041	1,910,000	1,380,938	3,290,938
2042-2046	2,705,000	759,376	3,464,376
2047	1,005,000	56,531	1,061,531
Total	$ 8,275,000	$ 8,410,223	$ 16,685,223

The annual debt service requirements on the 2018B Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $234,000,000. The District's Service Plan limits the amount of debt issuance to $18,000,000. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 4, 2014	Authorization Used for 2018A Bonds	Authorization Used for 2018B Bonds	Authorized But Unissued
Water	$ 18,000,000	$ (14,853)	$ (2,145)	$ 17,983,002
Sanitation/Stormwater	18,000,000	(5,058,944)	(730,567)	12,210,489
Streets	18,000,000	(2,033,663)	(293,683)	15,672,654
Parks and Recreation	18,000,000	(530,468)	(76,605)	17,392,927
Public Transportation	18,000,000	-	-	18,000,000
Fire Protection	18,000,000	-	-	18,000,000
Mosquito Control	18,000,000	-	-	18,000,000
Safety Protection	18,000,000	(637,072)	(92,000)	17,270,928
Security	18,000,000	-	-	18,000,000
TV Relay and Translation	18,000,000	-	-	18,000,000
Operation and Maintenance	18,000,000	-	-	18,000,000
Debt Refunding	18,000,000	-	-	18,000,000
Intergovernmental Agreements	18,000,000	-	-	18,000,000
Total	$ 234,000,000	$ (8,275,000)	$ (1,195,000)	$ 224,530,000

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	$ 4,900
Debt Service	373,384
Total Restricted Net Position	$ 378,284

At December 31, 2021, the District's unrestricted net position is a negative amount, primarily due to operating expenses paid by advances from the Developer and interest paid to date on the Bonds. The Deficits were eliminated in 2022 with the receipt of funds advanced by the Developer and Homebuilders, and collection of District Fees.

NOTE 7 AGREEMENTS

Operation Funding Agreement

Effective as of December 15, 2014, and amended most recently on November 18, 2020, the District entered into a 2014-2015 Operation Funding Agreement, as amended (the OFA), with Choke Cherry Investors, LLC (the Developer) whereby the Developer agreed to advance funds to the District for the payment of operation and maintenance expenses, up to a stated "Shortfall Amount" of $380,000, on a periodic basis as needed for the fiscal years 2014-2021 (Operations Advances).

The OFA states that it is the District's intent to repay Operations Advances to the Developer, to the extent it has funds available from the imposition of its taxes, fees, rates, tolls, penalties and charges, and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Simple interest accrues on Operations Advances at the rate of the current Bond Buyer 20-Bond GO Index plus 4% per annum, however, in no event is such interest to exceed 8.0% per annum. The District's obligation to reimburse Operations Advances does not constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereof is subject to annual appropriation by the District in its absolute discretion.

NOTE 7 AGREEMENTS (CONTINUED)

Operation Funding Agreement (Continued)

District payments to the Developer are to occur on December 2 of each year and be (a) applied first to accrued and unpaid interest; and then (b) to the principal amount due. The term of the OFA expires on December 31, 2021, unless terminated earlier by the mutual agreement of the District and the Developer. Any obligation of Developer to advance funds will expire upon advance to the District of amounts sufficient to pay expenses incurred in 2014 through 2021, not to exceed the Shortfall Amount. Any obligation of District to reimburse the Developer expires on December 31, 2051. 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.

As of December 31, 2021, outstanding amounts under the OFA consisted of $350,797 of principal and $80,274 of accrued interest.

Subsequent to December 31, 2021, on April 4, 2022, the OFA was again amended pursuant to the Seventh Amendment (See Note 11 Subsequent Events for a description of the OFA following the Seventh Amendment).

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's acquisition of Developer – Constructed Improvements and reimbursement of the Developer as provided.

The District acknowledges 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. Upon verification of the Organization Expenses and subject to receipt of funding pursuant to section 7 of the Original FAA, the District shall reimburse the Developer the amount of the Organization Expenses that have been verified by the District's accountant and approved by the District's Board of Directors, plus amounts, if any, advanced to the District by the Developer to pay the costs incurred for such review, verification, and approval.

Subject to receipt of funding as set forth in Section 7 of the Original FAA, the District agrees to reimburse the Developer for Certified Construction Costs and Organization Expenses up to a maximum amount of $16,000,000, together with accrued interest thereon. Organization Costs and Certified Construction Costs incurred prior to the District's date of organization on December 15, 2014 (Organization Date) accrue interest from the Organization Date, and Certified Construction Costs incurred after the Organization Date accrue interest from the date such costs are incurred by the Developer. Simple interest accrues on Organization Costs and Certified Construction Costs at the rate of the current Bond Buyer 20-Bond GO Index plus 4% per annum, however, in no event is such interest to exceed 8.0% per annum.

NOTE 7 AGREEMENTS (CONTINUED)

Facilities Acquisition Agreement (Continued)

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 August 4, 2016, the Developer, as Assignor and TREZ Capital (2015) Corporation or its Nominee, as Assignee (Trez), entered into a Collateral Assignment of Right to Reimbursement under the Original FAA (the Assignment), under which the Developer agreed to repay a Loan by Trez through an assignment of the reimbursements from the District under the Original FAA. A claim for exemption from registration for municipal securities relative to the Assignment was filed with, and accepted by, the Colorado Division of Securities. The Assignment terminated on November 29, 2018, and the Developer's rights to reimbursement under the Original FAA were reinstated.

As of December 31, 2021, outstanding amounts under the FFA consisted of $8,995,528 of principal and $2,212,665 of accrued interest.

Subsequent to December 31, 2021, on April 4, 2022, the Original FAA was amended and restated in its entirety pursuant to the Amended and Restated Facilities Acquisition Agreement (the A/R FAA) (See Note 11 Subsequent Events for a description of the A/R FAA).

Clubhouse Funding, Construction, and Operations Agreement

On November 19, 2019, the District entered into a Clubhouse Funding, Construction and Operations Agreement with the Developer, Cielo Metropolitan District (Cielo) and Forestar (USA) Real Estate Group Inc. (the Original Clubhouse FCOA). The Original Clubhouse FCOA set forth the rights, obligations, and procedures for the construction of a public clubhouse, swimming pool, and related public improvements (Clubhouse Improvements), and the cost sharing agreement related to operation and maintenance of the Clubhouse Improvements.

On August 25, 2021, the Board of the District approved various agreements to replace the Original Clubhouse FCOA, and therefore, also authorized the termination of the Original Clubhouse FCOA.

The other agreements which the Board of the District approved on August 25, 2021, to replace the Original Clubhouse FCOA, were: (1) the Clubhouse Construction Agreement by and among the District, Choke Cherry Investors, LLC, Cielo Metropolitan District and Toll Southwest LLC (the Clubhouse Construction Agreement); and (2) the Clubhouse Joint Use and Operations Cost Sharing Agreement by and between the District and Cielo Metropolitan District (the Clubhouse Operations Agreement).

NOTE 7 AGREEMENTS (CONTINUED)

Clubhouse Funding, Construction, and Operations Agreement (Continued)

Clubhouse Construction Agreement

Under the Clubhouse Construction Agreement, the parties acknowledge that Choke Cherry Investors, LLC (the Stone Creek Developer) will construct public clubhouse, fitness facility, swimming pool, furnishings, fitness equipment lease, and related public improvements (the Clubhouse Improvements), and that Toll Southwest LLC (the Cielo Developer) advanced sums to the Stone Creek Developer to contribute to the construction costs associated with the Clubhouse Improvements. The parties agree that Cielo Metropolitan District (Cielo MD) may reimburse the Cielo Developer for the Cielo Developer's contribution pursuant to a separate Cielo MD infrastructure acquisition and reimbursement agreement, and that the District may reimburse the Stone Creek Developer pursuant to the FAA or A/R FAA.

Clubhouse Operations Agreement

Under the Clubhouse Operations Agreement, the District and Cielo MD will share in the management of the Clubhouse Improvements and pay their respective proportionate share of annual budgeted and approved operations and maintenance costs, inclusive of all legal costs, management costs, accountant costs, and other consulting fees (the Clubhouse O&M Costs). The District and Cielo MD agree to cooperate and confer on their annual respective budgets for the Clubhouse O&M Costs, and Cielo MD agrees to pay 25% of its annual allocation of the Clubhouse O&M Costs by March 1 of each year, and to pay the remaining allocation in monthly installments, which accrue interest if they are overdue.

The District and Cielo MD agree that amendments to The Barn at Cherry Creek Pool & Clubhouse Amenities Rules and Regulations, approved by the District's Board of Directors on February 26, 2020, and subsequently adopted by a Joint Resolution of the District's Board of Directors on August 25, 2021 and the Cielo MD's Board of Directors on August 26, 2021 (the Clubhouse/Pool Rules and Regulations), shall be jointly approved by the District's Board of Directors and the Cielo MD's Board of Directors.

The District and Cielo MD also agree that residents, property owners, and taxpayers within the Cielo MD shall not be subject to the Outside User Resolution (discussed below).

Outside User Resolution

On August 25, 2021, the District's Board of Directors adopted Resolution No. 2021-02-02 Concerning the Use of District Recreational Facilities by Outside Users – 2021 Season (the Outside User Resolution). The Outside User Resolution limits the number of memberships from users outside the District's and Cielo MD's respective boundaries to 25 households and sets the annual fee for outside users for the 2021 season at $950 per household.

NOTE 7 AGREEMENTS (CONTINUED)

District Fee Resolution

The District adopted Resolution No. 2017-11-05; Resolution Regarding the Imposition of District Fees, as amended and restated by Resolution No. 2019-02-01 Amended and Restated Resolution Regarding the Imposition of District Fees (Fee Resolution). Pursuant to the Fee Resolution, the District imposed an Operations and Maintenance Fee (O&M Fee) and an Administrative Fee on each lot and/or single-family residential dwelling unit within the District boundaries. The O&M Fee is imposed upon sale of a vacant lot to a homebuilder, as follows: a) from the date of sale of a vacant lot and through February 27, 2019, in the amount of $20 per month per vacant lot, payable quarterly ($60 per quarter; $240 per year); b) upon substantial completion of two neighborhood parks, as determined by the District Engineer, $40 per month per lot, payable quarterly ($120 per quarter; $480 per year); and c) upon substantial completion of two neighborhood parks, the clubhouse, the fitness center, and the swimming pool, as determined by the District Engineer, $60 per month per lot, payable quarterly ($180 per quarter; $720 per year). The O&M Fee is imposed upon the sale of a lot to an owner other than a homebuilder constructing the initial Residential Unit in the amount of $70 per month per lot, payable quarterly ($210 per quarter; $840 per year). The Administrative Fee shall be paid by each buyer of a Residential Unit (other than the builder constructing the initial Residential Unit) upon the conveyance or refinance of such Residential Unit as follows: a) the Administrative Fee shall be $100 per initial sale of a Residential Unit from a homebuilder to an owner; b) the Administrative Fee shall be $100 per sale of a Residential Unit from one owner to another owner; c) the Administrative Fee shall be due and payable at the time of any sale, transfer, or re-sale of any Residential Unit constructed on a lot with a certificate of occupancy. The District reserves the right to amend the Fee Resolution in the future to increase or decrease the amount of the O&M Fee and/or the Administrative Fee (collectively referred to as the “Fees”). The Fees shall not be imposed on real property actually conveyed or dedicated to nonprofit owners’ associations, governmental entities or utility providers.

Subdivision Improvement Agreement

On March 11, 2015, the Developer and the Board of County Commissioners of Douglas County (BOCC) entered into a Subdivision Improvement Agreement (SIA) to provide for the terms and conditions under which the Developer agreed to construct and complete, at the Developer’s expense, the Subdivision Improvements (as defined in the SIA) in accordance with the Plans (as defined in the SIA). On September 22, 2017, pursuant to an Assignment of SIA and Development Rights, the Developer assigned all of its rights and obligations under the SIA to the District.

NOTE 7 AGREEMENTS (CONTINUED)

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

On March 6, 2018, the District, the Developer, Richmond American Homes of Colorado, Inc. (Richmond), Taylor Morrison of Colorado, Inc. (Taylor Morrison), KB Home Colorado, Inc. (KB, and collectively with Richmond and Taylor Morrison, the Builders) and First American Title Insurance Company (Title Company) entered into an Offsite Improvements Agreement (Stone Creek Ranch Filing No. 1) (Offsite Improvements Agreement). Concurrently with the execution of the Offsite Improvements Agreement, Richmond, Taylor Morrison and KB, each respectively entered into separate Agreements for Sale and Purchase of Real Estate with the Developer to purchase certain lots (Lots) within the District boundaries (collectively referred to as the "Sale Agreements"). For purposes of the Offsite Improvements Agreement, all tracts, public streets, private streets and other property or property rights required with respect to the Improvements necessary for the Builders to obtain building permits and certificates of occupancy for the Units constructed on the Lots are defined as the "Project". Developer, pursuant to the Sale Agreements, agreed to cause the construction and completion of all improvements necessary for the issuance of building permits, and following construction of Units (as defined in the Offsite Improvements Agreement) on the Lots, certificates of occupancy, with each Builder paying specific costs towards same as such costs are set forth in the Offsite Improvements Agreement and with Developer being responsible for all additional costs and charges related thereto. The Builders and Developer agreed to engage the District to complete certain improvements at the Project that are deemed "public" improvements as approved by the third-party District engineer for qualified reimbursements (collectively, the District Improvements) upon the terms set forth in the Offsite Improvements Agreement. The District agreed to engage the Developer to manage the construction of the District Improvements pursuant to a Construction Management Agreement dated February 14, 2018 (the Construction Management Agreement). The Builders agreed to engage the Developer to complete the remainder of the improvements at the Project that are not District Improvements (the Developer Improvements) upon the terms and conditions set forth in the Offsite Improvements Agreement that are otherwise applicable to the completion of and payment for the District Improvements. On September 19, 2018, the parties entered into a First Amendment to Offsite Improvement Agreement to address the disbursement of certain funds and to clarify certain items set forth in the Offsite Improvement Agreement.

Developer Escrow Agreement

On March 6, 2018, the District, the Developer, Richmond, Taylor Morrison, KB and Title Company entered into a Developer Escrow Agreement (Developer Escrow Agreement). Pursuant to the Developer Escrow Agreement, as District Improvements are completed, the District shall requisition funds from the proceeds of the Bonds and use such funds to reimburse the Developer for any public improvements paid for by the Builders pursuant to the terms of the FAA. The Developer Escrow Agreement sets forth the parameters under which Title Company shall hold and administer the Escrowed Funds (as defined in the Developer Escrow Agreement) in an account set forth in the Developer Escrow Agreement to pay for any Cost Overruns associated with the District Improvements, Developer Improvements or the Builder Improvements, as more particularly set forth in the Developer Escrow Agreement.

NOTE 7 AGREEMENTS (CONTINUED)

Amenity Center Escrow Agreement

On March 6, 2018, the District, the Developer, Richmond, Taylor Morrison, KB and the Title Company entered into an Amenity Center Escrow Agreement (ACEA). The ACEA sets forth the terms under which a portion of the Bond Proceeds will fund certain escrows for the benefit of the property within the District boundaries and the Builders, including payment of the costs to build the Amenity Center. The Title Company shall hold and administer the Escrowed Funds (as defined in the ACEA) to pay the costs of constructing the Amenity Center, as more particularly set forth in the ACEA.

Stipulated Sum Price Agreement (Stone Creek Ranch)

On March 6, 2018, the District, Hudick Excavating, Inc. dba: HEI Civil (the Contractor), the Developer and Atwell, LLC (the Engineer) entered into a Stipulated Sum Price Agreement to set forth the terms under which Contractor will perform and be compensated for completion of the Work (as defined in the Stipulated Sum Price Agreement).

Conditional Non-Exclusive Assignment of Plans and Contracts

On March 6, 2018, the Developer, the District, KB, Taylor Morrison and Richmond entered into a Conditional Non-Exclusive Assignment of Plans and Contracts (Conditional Assignment) under which the Developer and the District agreed to conditionally assign, on a nonexclusive basis, and to the extent allowable by law, all of their respective rights, title and interest under the Stipulated Sum Price Agreement. The Developer further agreed to conditionally assign, on a nonexclusive basis, and to the extent allowable by law, all of its respective rights, title and interest under the Engineer Contract (as defined in the Conditional Assignment), the ACEA, the Landscaping Contract (as defined in the Conditional Assignment) and the Fencing Contract (as defined in the Conditional Assignment). Such assignments shall not be effective unless and until an Assignment Event (as defined in the Conditional Assignment) has occurred.

NOTE 8 RELATED PARTIES

Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

The Homebuilders of the property are Richmond, KB, and Taylor Morrison. Certain members of the Board of Directors are officers or employees of or related to the Homebuilders and may have conflicts of interest in dealing with the District.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

At December 31, 2021, the District determined its required emergency reserve to be approximately $4,900.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

NOTE 11 SUBSEQUENT EVENTS

Shortfall Funding Agreement

Concurrent with the A/R FAA (discussed below) and the Seventh Amendment to the OFA (discussed below), on April 4, 2022, the District entered into a Shortfall Funding Agreement with the Developer and 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 Anticipated Operations Shortfall Advance to the Builders no later than March 31, 2023, and to return any unused portion of the Anticipated Capital Soft Costs Advance 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 takes priority over payments to the Developer under the OFA and A/R FAA.

Seventh Amendment to Operation Funding Agreement

On April 4, 2022, the District and Developer entered into the Seventh Amendment to the OFA.

In consideration of the Shortfall Funding Agreement, the Developer agreed to waive all accrued interest and future accrual of interest on outstanding developer advances; waive any interest on all developer advances under the OFA; and to subordinate its right to repayment of the developer advances under the OFA to repayment of the Builder Advances under the Shortfall Funding Agreement.

As of April 4, 2022, outstanding amounts under the OFA consisted of $350,797 of principal and $87,602 of accrued interest, and pursuant to the Seventh Amendment, the Developer waived this accrued interest.

NOTE 11 SUBSEQUENT EVENTS (CONTINUED)

Amended and Restated Facilities Acquisition Agreement

On April 4, 2022, the District entered into an Amended and Restated Facilities Acquisition Agreement (the A/R FAA) with the Developer, which amended and restated the Original FAA in its entirety.

In consideration of the Shortfall Funding Agreement, 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 A/R 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.

As of April 4, 2022, outstanding amounts under the Original FAA consisted of $8,995,528.76 of principal and $2,400,572.13 of accrued interest, and pursuant to the A/R FAA, the Developer waived this accrued interest, as well as future accrual of interest on the existing principal.

SUPPLEMENTARY INFORMATION

STONE CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 367,774	$ 363,572	$ (4,202)
Specific Ownership Taxes	29,422	35,468	6,046
Interest Income	5,700	185	(5,515)
Total Revenues	402,896	399,225	(3,671)
EXPENDITURES			
County Treasurer's Fee	5,517	5,455	62
Paying Agent Fee	6,000	6,000	-
Bond Interest	465,469	465,469	-
Miscellaneous	-	484	(484)
Contingency	3,014	-	3,014
Total Expenditures	480,000	477,408	2,592
NET CHANGE IN FUND BALANCE	(77,104)	(78,183)	(1,079)
Fund Balance - Beginning of Year	1,196,298	1,190,356	(5,942)
FUND BALANCE - END OF YEAR	$ 1,119,194	$ 1,112,173	$ (7,021)

STONE CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Developer Advance	$ 50,000	$ 29,330	$ (20,670)
Total Revenues	50,000	29,330	(20,670)
EXPENDITURES			
Capital-Related (Softcosts):			
Stormwater Improvements	50,000	18,062	31,938
Total Expenditures	50,000	18,062	31,938
NET CHANGE IN FUND BALANCE	-	11,268	11,268
Fund Balance - Beginning of Year	-	(32,920)	(32,920)
FUND BALANCE - END OF YEAR	$ -	$ (21,652)	$ (21,652)

OTHER INFORMATION

STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2021

	$8,275,000 General Obligation Bonds, Limited Tax Series 2018A Interest Rate 5.625% Payable June 1 and December 1 Principal Due December 1		
Year Ending December 31,	Principal	Interest	Total
2022	$ 10,000	$ 465,469	$ 475,469
2023	95,000	464,906	559,906
2024	110,000	459,563	569,563
2025	115,000	453,375	568,375
2026	135,000	446,906	581,906
2027	140,000	439,313	579,313
2028	160,000	431,438	591,438
2029	170,000	422,438	592,438
2030	195,000	412,875	607,875
2031	205,000	401,906	606,906
2032	225,000	390,375	615,375
2033	240,000	377,719	617,719
2034	265,000	364,219	629,219
2035	280,000	349,313	629,313
2036	310,000	333,563	643,563
2037	325,000	316,125	641,125
2038	360,000	297,844	657,844
2039	380,000	277,594	657,594
2040	410,000	256,219	666,219
2041	435,000	233,156	668,156
2042	475,000	208,688	683,688
2043	500,000	181,969	681,969
2044	540,000	153,844	693,844
2045	570,000	123,469	693,469
2046	620,000	91,406	711,406
2047	1,005,000	56,531	1,061,531
Total	$ 8,275,000	$ 8,410,223	$ 16,685,223

STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2017	$ 63,700	10.000	50.000	$ 3,822	$ 3,822	100.00 %
2018	70,780	10.000	55.277	4,621	4,620	99.98
2019	58,150	11.055	55.277	3,857	3,857	100.00
2020	5,215,040	11.132	55.664	348,344	339,627	97.50
2021	6,607,040	11.132	55.664	441,324	436,282	98.86
Estimated for Year Ending December 31, 2022	$ 8,540,970	11.132	55.664	$ 570,503		

Note:

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

CONTINUING DISCLOSURE (2018 BONDS)
ANNUAL FINANCIAL INFORMATION

STONE CREEK METROPOLITAN DISTRICT
CONTINUING DISCLOSURE (2018 BONDS) - ANNUAL FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2021

History of Assessed Valuations and Mill Levies for the District

Levy / Collection Year	Assessed Valuation Amount	Assessed Valuation Percent Change	Mill Levy General Fund	Mill Levy Debt Service	Mill Levy Total
2015/2016	$ 63,700	- %	50.000	-	50.000
2016/2017	63,700	-	10.000	50.000	60.000
2017/2018	70,780	11.11	10.000	55.277	65.277
2018/2019	58,150	(17.84)	11.055	55.277	66.332
2019/2020	5,215,040	8868.25	11.132	55.664	66.796
2020/2021	6,607,040	26.69	11.132	55.664	66.796
2021/2022	8,540,970	29.27	11.132	55.664	66.796

Property Tax Collections in the District

Levy / Collection Year	Taxes Levied	Tax Collections	Collection Rate
2015/2016	$ 3,185	$ 3,185	100.00 %
2016/2017	3,822	3,822	100.00
2017/2018	4,620	4,620	100.00
2018/2019	3,857	3,857	100.00
2019/2020	348,344	339,628	97.50
2020/2021	441,324	436,282	98.86
2021/2022	570,503		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Top Ten Taxpayers in the District

Taxpayer Name	2021 Assessed Valuation	Percentage of Total Assessed Valuation (1)
Richmond American Homes of Colorado INC	$ 1,474,160	17.26%
KB Home Colorado INC	120,460	1.41%
Home Owner	43,490	0.51%
Home Owner	43,090	0.50%
Home Owner	42,090	0.49%
Home Owner	42,060	0.49%
Home Owner	41,600	0.49%
Home Owner	41,500	0.49%
Home Owner	41,180	0.48%
Home Owner	40,960	0.48%
Total	$ 1,930,590	22.60%

(1) Based on a 2021 total assessed valuation of $8,540,970

2021 Assessed and "Actual" Valuation of Classes of Property in the District

Class	Total Assessed Valuation	Percentage of Total Assessed Valuation	Total "Actual" Valuation	Percentage of Total Assessed Valuation
Residential	$ 4,842,610	56.70 %	$ 67,728,972	84.15 %
Vacant	3,582,570	41.95 %	12,353,785	15.35 %
Personal Property	115,460	1.35 %	398,172	0.49 %
Natural Resources	330	0.00 %	1,130	0.00 %
Total	$ 8,540,970	100.00 %	$ 80,482,059	100.00 %