

STERLING HILLS WEST METRO DISTRICT

FINANCIAL STATEMENTS

MARCH 31, 2019



Accountant's Compilation Report

Board of Directors
Sterling Hills West Metro District
Arapahoe County, Colorado

Management is responsible for the accompanying financial statements of Sterling Hills West Metro District, which comprise the balance sheet - governmental funds as of March 31, 2019, and the related statement of revenues, expenditures, and changes in fund balance - actual, for the period from January 01, 2019 through March 31, 2019, for the General Fund, in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the accompanying financial forecasted budget, which comprises the statement of revenues, expenditures, and changes in fund balance - budget, for the year then ending, for the General Fund, and the related summary of significant assumptions in accordance with guidelines for the presentation of financial forecast established by the American Institute of Certified Public Accountants. We have performed compilation engagements in accordance with Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit, examine, or review the historical financial statements or the financial forecasted budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these historical financial statements and this financial forecasted budget.

The forecasted budget results may not be achieved as there will usually be differences between the forecasted budget and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the management's discussion and analysis, the government-wide financial statements, the statement of revenues, expenditures and changes in fund balance - governmental funds, and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the historical financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the historical financial statements are not designed for those who are not informed about such matters.

The supplementary information and the supplementary financial forecasted budget information are presented for additional analysis and are not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however we have not audited, examined, or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on the supplementary historical information and the supplementary budget information.

We are not independent with respect to Sterling Hills West Metro District.

CliftonLarsonAllen LLP

Greenwood Village, CO
May 01, 2019

**STERLING HILLS WEST METRO DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2019**

	General	Debt Service	Total
ASSETS			
Cash - First Bank	\$ 14,202	\$ -	\$ 14,202
C - Safe	-	36	36
C - Safe - General Fund	612	-	612
Colostrust	437,558	-	437,558
Trust account - Bond fund Series 2017	-	522,640	522,640
Due from other funds	-	3,500	3,500
Receivable from County Treasurer	13,914	39,601	53,515
TOTAL ASSETS	\$ 466,286	\$ 565,777	\$ 1,032,063
 LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 22,248	\$ -	\$ 22,248
Director's fees payable	800	-	800
Due to other funds	3,500	-	3,500
Total Liabilities	26,548	-	26,548
 FUND BALANCES			
Total Fund Balances	439,738	565,777	1,005,515
TOTAL LIABILITIES AND FUND BALANCES	\$ 466,286	\$ 565,777	\$ 1,032,063

These financial statements should be read only in connection with the accompanying accountant's compilation report.

**STERLING HILLS WEST METRO DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 311,639	\$ 150,419	\$ (161,220)
Specific ownership tax	18,698	6,238	(12,460)
Interest income	4,500	2,229	(2,271)
Reimbursed expenditures	-	1,144	1,144
TOTAL REVENUES	<u>334,837</u>	<u>160,030</u>	<u>(174,807)</u>
EXPENDITURES			
Accounting	27,500	10,274	17,226
County Treasurer's fee	4,675	2,256	2,419
Directors' fees	3,000	800	2,200
Phone/website service	1,500	2,033	(533)
Storage rental	1,000	225	775
Legal services	35,000	8,488	26,512
Miscellaneous	500	-	500
Conferences/seminars	2,000	-	2,000
Landscaping - contract	60,000	9,495	50,505
Drainage pond maintenance	2,500	591	1,909
Drainage pond renovations	15,000	7,800	7,200
Landscape renovations	2,500	-	2,500
Snow removal	7,000	9,588	(2,588)
Tree/shrub maintenance	5,000	2,923	2,077
Utilities - irrigation	75,000	619	74,381
Utilities - electricity	700	116	584
Tower mowing	2,500	-	2,500
Auditing	2,860	-	2,860
Dues and licenses	1,000	544	456
Insurance and bonds	4,500	4,157	343
District management	25,000	3,700	21,300
Payroll taxes	230	-	230
Repairs and maintenance	15,000	68	14,932
Contingency	4,035	-	4,035
TOTAL EXPENDITURES	<u>298,000</u>	<u>63,677</u>	<u>234,323</u>
NET CHANGE IN FUND BALANCES	36,837	96,353	59,516
FUND BALANCES - BEGINNING	<u>282,868</u>	<u>343,385</u>	<u>60,517</u>
FUND BALANCES - ENDING	<u>\$ 319,705</u>	<u>\$ 439,738</u>	<u>\$ 120,033</u>

These financial statements should be read only in connection with the accompanying accountant's compilation report.

SUPPLEMENTARY INFORMATION

**STERLING HILLS WEST METRO DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 886,974	\$ 428,116	\$ (458,858)
Specific ownership tax	53,218	17,753	(35,465)
Interest income	2,200	1,227	(973)
TOTAL REVENUES	<u>942,392</u>	<u>447,096</u>	<u>(495,296)</u>
EXPENDITURES			
County Treasurer's fee	13,305	6,422	6,883
Paying agent fees	3,500	2,333	1,167
Bond interest	554,500	-	554,500
Bond principal	310,000	-	310,000
Contingency	2,695	-	2,695
TOTAL EXPENDITURES	<u>884,000</u>	<u>8,755</u>	<u>875,245</u>
NET CHANGE IN FUND BALANCES	58,392	438,341	379,949
FUND BALANCES - BEGINNING	<u>121,390</u>	<u>127,437</u>	<u>6,047</u>
FUND BALANCES - ENDING	<u>\$ 179,782</u>	<u>\$ 565,778</u>	<u>\$ 385,996</u>

**STERLING HILLS WEST METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was formed by Court Order on December 3, 1999, with its formation election held on November 2, 1999. The election approved general obligation indebtedness of \$3,600,000 for streets, \$500,000 for safety controls, \$1,000,000 for water facilities, \$1,500,000 for sewer and storm drainage facilities, \$6,200,000 for parks, and \$750,000 for general operations and maintenance. The election also approved an annual increase in taxes of \$500,000 for general operations and maintenance and \$2,148,000 for repayment of the combined approved debt.

In accordance with its Service Plan, the District was formed to provide for the construction of improvements for streets, landscaping, storm drainage, water and sewer, safety protection, and park improvements and facilities in its service area within the City of Aurora (City). During 2004 the District amended its Service Plan with the City, which allowed the District to increase its debt limitation from \$9,400,000 to \$11,600,000 in order to fund additional capital project costs. As required by the original Service Plan, the District received approval from the City on August 27, 2007 of a Second Amendment to the Service Plan, which approved a refunding of the District's outstanding debt and the issuance of additional debt to pay costs of public improvements in an amount not to exceed \$1,100,000, an extension of the maturity of debt to 2031, and the imposition of a mill levy for payment of debt of not more than 42.55 mills, subject to adjustment for changes occurring after 2000 in the method of calculating assessed valuation. The adjusted maximum mill levy is 52.065.

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

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

Revenues

Property Taxes

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

The calculation of the taxes levied is displayed on the property tax summary page at the adopted mill levy of 50.000.

**STERLING HILLS WEST METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of total property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.50%.

Expenditures

Administrative Expenses

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, general engineering, meeting expense, and other administrative expenses.

Operations and maintenance

Certain pocket parks and street landscaping improvements are owned and maintained by the District. The estimated costs for repairs and maintenance, and certain upgrades of the improvements are found on the General Fund page of the budget.

Debt Service

Principal and interest payments in 2019 are provided based on the debt amortization schedule from the Series 2017 Bonds as detailed on the debt service schedule and debt service summary page of the Budget (discussed under Debt and Leases).

Contingency

The District has provided for the possibility of additional expenditures for landscaping or other contingencies.

**STERLING HILLS WEST METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

General Obligation Refunding Bonds

On September 8, 2017, the District refunded \$11,965,000 of General Obligation Refunding and Improvement Bonds (2007 Bonds) dated September 13, 2007, with interest rates from 4.0% to 5.0% by the issuance of \$11,385,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds (2017 Bonds). Funds from the issuance of the 2017 Bonds were deposited with a trustee and invested in U.S. government securities. The 2007 Bonds were repaid in full by the trustee on December 1, 2017. Proceeds of the 2017 Bonds were also used pay amounts due to the Bond Insurer of the 2007 Bonds and the cost of issuance of the 2017 Bonds.

The 2017 Bonds bear interest at the rate of 5.0% per annum, with an effective interest rate of 3.86% due to the payment of a \$1,498,883 premium paid at the time of issuance. Interest is due June 1 and December 1. Principal is due on December 1. The 2017 Bonds mature on December 1, 2039. The 2017 Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2027, and on any date thereafter, upon payment of par and accrued interest thereon to the date of redemption.

The 2017 Bonds are 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, premium if any, and interest on the 2017 Bonds as the same become due and payable but not in excess of 42.55 mills, provided however, that in the event the method of calculating assessed valuation is or was changed after 2000, the maximum mill levy will be increased or decreased to reflect such changes. For budget year 2019, the Required Mill Levy has been adjusted to 57.561 mills. Once the debt to assessed ratio is 40% or less, 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, premium if any, and interest on the 2017 Bonds as the same become due and payable without limitation of rate.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserves

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR.

Reserve for Capital Replacement

The District has set aside funds for the replacement of certain capital assets owned by the District.

**STERLING HILLS WEST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$11,385,000 General Obligation Limited
Tax Convertible to Unlimited Tax
Refunding Bonds
5.00% Serial & Term Bonds Due December 1, 2039
Series 2017, Dated September 8, 2017
Interest Payable June 1 and December 1,
Principal Due December 1**

Year Ended December 31,	Principal	Interest	Total
2019	\$ 310,000	\$ 554,500	\$ 864,500
2020	325,000	539,000	864,000
2021	345,000	522,750	867,750
2022	360,000	505,500	865,500
2023	380,000	487,500	867,500
2024	395,000	468,500	863,500
2025	415,000	448,750	863,750
2026	435,000	428,000	863,000
2027	460,000	406,250	866,250
2028	480,000	383,250	863,250
2029	505,000	359,250	864,250
2030	530,000	334,000	864,000
2031	560,000	307,500	867,500
2032	585,000	279,500	864,500
2033	615,000	250,250	865,250
2034	645,000	219,500	864,500
2035	680,000	187,250	867,250
2036	710,000	153,250	863,250
2037	745,000	117,750	862,750
2038	785,000	80,500	865,500
2039	825,000	41,250	866,250
Total	<u><u>\$ 11,090,000</u></u>	<u><u>\$ 7,074,000</u></u>	<u><u>\$ 18,164,000</u></u>

STERLING HILLS WEST METROPOLITAN DISTRICT

Schedule of Cash Position

March 31, 2019

Updated as of May 1, 2019

	General	Debt Service	Total
	<hr/>	<hr/>	<hr/>
<u>1st Bank</u>			
Balance as of 3/31/19	\$ 14,201.75	\$ -	\$ 14,201.75
Subsequent activities:			
04/08/2019 Aurora Water Payment	(207.78)	-	(207.78)
04/15/2019 Transfer from CT	18,000.00	-	18,000.00
04/15/2019 Check 1120-1125	(17,513.46)	-	(17,513.46)
04/15/2019 Deposit - Park Fee	50.00	-	50.00
05/07/2019 Aurora Water Payment	(207.78)	-	(207.78)
05/09/2019 <i>Anticipated transfer from CT</i>	7,000.00	-	7,000.00
05/09/2019 <i>Anticipated vouchers payable</i>	(10,518.23)	-	(10,518.23)
	<hr/>	<hr/>	<hr/>
Anticipated Balance	10,804.50	-	10,804.50
	<hr/>	<hr/>	<hr/>
<u>CSAFE - General Fund</u>			
Balance as of 3/31/19	611.85	-	611.85
Subsequent activities:			
04/30/18 Interest	1.20	-	1.20
	<hr/>	<hr/>	<hr/>
Anticipated Balance	613.05	-	613.05
	<hr/>	<hr/>	<hr/>
<u>CSAFE - Debt</u>			
Balance as of 3/31/19	-	36.04	36.04
Subsequent activities:			
04/10/2019 Property taxes	13,913.96	39,601.36	53,515.32
04/15/2019 Transfer to Colotrust	(13,913.96)	-	(13,913.96)
04/15/2019 Transfer to UMB	-	(39,637.40)	(39,637.40)
04/30/2019 Interest	-	18.11	18.11
	<hr/>	<hr/>	<hr/>
Anticipated Balance	-	18.11	18.11
	<hr/>	<hr/>	<hr/>
<u>Colotrust Plus</u>			
Balance as of 3/31/19	437,557.57	-	437,557.57
Subsequent activities:			
04/15/2019 Transfer from CSAFE DS	13,913.96	-	13,913.96
04/15/2019 Transfer to 1st Bank	(18,000.00)	-	(18,000.00)
04/30/2019 Interest income	916.97	-	916.97
<i>Anticipated transfer to checking</i>	(7,000.00)	-	(7,000.00)
	<hr/>	<hr/>	<hr/>
Anticipated Balance	427,388.50	-	427,388.50
	<hr/>	<hr/>	<hr/>

STERLING HILLS WEST METROPOLITAN DISTRICT

Schedule of Cash Position

March 31, 2019

Updated as of May 1, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<u>UMB Bank Series 2017 Bonds - Bond Fund</u>			
Balance as of 3/31/19	-	522,639.67	522,639.67
Subsequent activities:			
04/15/2019 Transfer from CSAFE DS	-	39,637.40	39,637.40
Anticipated Balance	<u>-</u>	<u>#REF!</u>	<u>#REF!</u>
Anticipated Balances	<u>\$ 438,806.05</u>	<u>#REF!</u>	<u>#REF!</u>
Current Yield (As of 4/30/19)			
CSAFE - 2.47%			
COLOTRUST PLUS - 2.56%			

Sterling Hills West Metro District

Check List

All Bank Accounts

April 1, 2019 - April 30, 2019

Interim Payments to Ratify

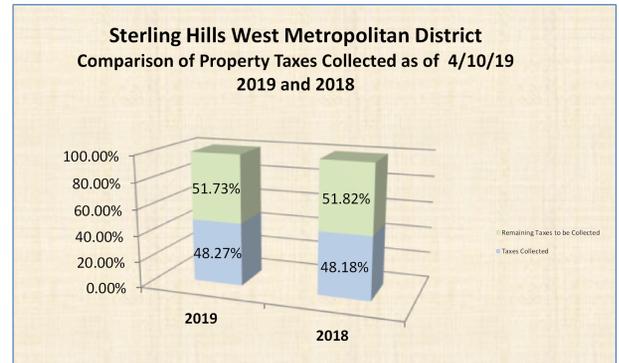
Check Number	Check Date	Payee	Amount
Vendor Checks			
1120	04/15/19	Colorado District Mngmnt& Operations	1,982.76
1121	04/15/19	Icenogie Seaver Pogue	4,272.00
1122	04/15/19	Keesen Landscape Management, Inc.	7,804.58
1123	04/15/19	SAVATREE, LLC	2,923.00
1124	04/15/19	Wright Water Engineers, Inc.	485.10
1125	04/15/19	Xcel Energy	46.02
ACH	04/08/19	Aurora Water	207.78
ACH Credit on Act	04/15/19	CliftonLarsonAllen LLP	1,835.65
		Vendor Check Total	19,556.89
		Check List Total	19,556.89

Check count = 8

STERLING HILLS WEST METROPOLITAN DISTRICT
Property Taxes Reconciliation
2019

	Current Year									Prior Year		
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Due to County	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
								Monthly	Y-T-D		Monthly	Y-T-D
Beginning Balane												
January	\$ 4,074.04	\$ -	\$ 7,516.58	\$ -	\$ (61.11)	\$ -	\$ 11,529.51	0.34%	0.34%	\$ 18,569.45	0.93%	0.93%
February	527,272.72	-	9,442.00	-	(7,909.09)	-	528,805.63	43.99%	44.33%	505,655.68	42.25%	43.18%
March	47,187.73	-	7,032.07	3.39	(707.87)	-	53,515.32	3.94%	48.27%	67,068.00	5.00%	48.18%
April	-	-	-	-	-	-	-	0.00%	48.27%	83,425.11	6.51%	54.69%
May	-	-	-	-	-	-	-	0.00%	48.27%	106,390.73	8.34%	63.03%
June	-	-	-	-	-	-	-	0.00%	48.27%	420,746.16	35.08%	98.11%
July	-	-	-	-	-	-	-	0.00%	48.27%	13,740.47	0.32%	98.43%
August	-	-	-	-	-	-	-	0.00%	48.27%	18,002.23	1.09%	99.52%
September	-	-	-	-	-	-	-	0.00%	48.27%	6,652.51	0.19%	99.71%
October	-	-	-	-	-	-	-	0.00%	48.27%	7,170.75	0.00%	99.71%
November	-	-	-	-	-	-	-	0.00%	48.27%	12,851.21	0.29%	100.00%
December	-	-	-	-	-	-	-	0.00%	48.27%	7,133.80	0.00%	100.00%
Total	\$ 578,534.49	\$ -	\$ 23,990.65	\$ 3.39	\$ (8,678.07)	\$ -	\$ 593,850.46	48.27%	48.27%	\$ 1,267,406.10	100.00%	100.00%

		Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	
Property Tax	<u>AV</u>					
General Fund		13,000	\$ 311,639	26.00%	\$ 150,418.78	48.27%
Debt Service Fund		37,000	\$ 886,974	74.00%	428,115.71	48.27%
Total	\$ 23,947,519	50,000	\$ 1,198,613	100.00%	\$ 578,534.49	48.27%
Specific Ownership Tax						
General Fund		\$ 18,698	26.00%	\$ 6,237.56	33.36%	
Debt Service Fund		\$ 53,218	74.00%	17,753.09	33.36%	
Total		\$ 71,916	100.00%	\$ 23,990.65	33.36%	
Treasurer's Fees						
General Fund		\$ 4,675	26.00%	\$ 2,256.30	48.26%	
Debt Service Fund		\$ 13,305	74.00%	6,421.77	48.27%	
Total		\$ 17,980	100.00%	\$ 8,678.07	48.27%	



12/31/16 Debt Service Fund Balance: \$ 37
12/31/17 Debt Service Fund Balance: \$ 42,472
12/31/18 Debt Service Fund Balance: \$ 127,437