

BUDGET RESOLUTION

(2020)

CERTIFIED COPY OF RESOLUTION

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

At the special meeting of the Board of Directors of Waterstone Metropolitan District No. 1, City of Aurora, County of Arapahoe, Colorado, held at 10:00 AM on Monday, November 11, 2019, at 9193 S Jamaica St., 4th Floor, Englewood, CO 80112, there were present:

John Cheney
Kent Pedersen
Joseph Huey
Jennifer Waiton

Also present was Dianne Miller of Miller & Associates Law Offices, LLC (“District Counsel”)

District Counsel reported that, prior to the meeting, legal counsel had notified each of the directors of the date, time and place of this meeting and the purpose for which it was called. District Counsel further reported that this is a special meeting of the Board of Directors of the District and that a notice of the meeting was posted in at three (3) places within the boundaries of the District and at the Arapahoe County Clerk and Recorder’s Office, and to the best of their knowledge, remains posted to the date of this meeting.

Thereupon, Director Cheney introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR TO HELP DEFRAY THE COSTS OF THE GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE WATERSTONE METROPOLITAN DISTRICT NO. 1, CITY OF AURORA, ARAPAHOE COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2020 AND ENDING ON THE LAST DAY OF DECEMBER, 2020.

WHEREAS, the Board of Directors (the “Board”) of the Waterstone Metropolitan District No. 1 (the “District”) has authorized its consultants, treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2019; and

WHEREAS, the proposed 2020 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on October 24, 2019 in the Aurora Sentinel, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 10:00 AM on Monday, November 11, 2019, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WATERSTONE METROPOLITAN DISTRICT NO. 1, ARAPAHOE COUNTY, COLORADO, AS FOLLOWS:

Section 1. Summary of 2020 Revenues and 2020 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2020, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, or as amended, and attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2020.

Section 3. 2020 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the General Fund for operating expenses is \$213,944, and that the 2019 valuation for assessment, as certified by the Arapahoe County Assessor, is \$2,868,651. That for the purposes of meeting all general operating expenses of the District during the 2020 budget year, there is hereby levied a tax of 74.580 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2019.

Section 4. 2020 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$0 and that the 2019 valuation for assessment, as certified by the Arapahoe County Assessor, is \$2,868,651. That for the purposes of meeting all debt retirement expenses of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2019.

Section 5. Certification to Board of County Commissioners. That the attorney, accountant or manager for the District is hereby authorized and directed to certify to the Arapahoe County Board of County Commissioners, no later than December 15, 2019, the mill levies for the District hereinabove determined and set. That said certification shall be substantially in the same form as attached hereto and incorporated herein by this reference.

Section 6. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 7. Budget Certification. That the budget shall be certified by the Secretary/Treasurer of the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Huey.

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 11, 2019.

WATERSTONE METROPOLITAN DISTRICT NO. 1

By: 

John Cheney, President

ATTEST:




Kent Pedersen, Secretary/Treasurer

STATE OF COLORADO
COUNTY OF ARAPAHOE
WATERSTONE METROPOLITAN DISTRICT NO. 1

I, Kent Pedersen, hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of Waterstone Metropolitan District No. 1 (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 10:00 AM on Monday, November 11, 2019, at 9193 S Jamaica St., 4th Floor, Englewood, CO 80112 as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2020; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on November 11, 2019.



Kent Pedersen, Secretary/Treasurer

EXHIBIT A
2020 BUDGET DOCUMENT & BUDGET MESSAGE FOR
WATERSTONE METROPOLITAN DISTRICT NO. 1



CliftonLarsonAllen LLP
CLAAconnect.com

CliftonLarsonAllen

Accountant's Compilation Report

Board of Directors
Waterstone Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of Waterstone Metropolitan District No. 1 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

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

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Waterstone Metropolitan District No. 1.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 15, 2020

**WATERSTONE METROPLITAN DISTRICT NO. 1
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/15/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ (14,290)	\$ (8,824)
REVENUES			
Property taxes	-	11	213,944
Specific ownership tax	-	-	12,837
Developer advance	35,500	33,176	91,676
Other revenue	-	12	-
Total revenues	<u>35,500</u>	<u>33,199</u>	<u>318,457</u>
Total funds available	<u>35,500</u>	<u>18,909</u>	<u>309,633</u>
EXPENDITURES			
General and administrative			
Accounting	4,034	15,000	20,000
County Treasurer's fee	-	-	3,209
Dues and licenses	-	225	500
Insurance and bonds	-	2,508	3,000
District management	12,000	-	-
Legal services	32,976	10,000	25,000
Miscellaneous	780	-	-
Election expense	-	-	2,000
Repay developer advance	-	-	91,676
Contingency	-	-	9,615
Infrastructure support - HOA			
Transfer to HOA	-	-	140,000
Total expenditures	<u>49,790</u>	<u>27,733</u>	<u>295,000</u>
Total expenditures and transfers out requiring appropriation	<u>49,790</u>	<u>27,733</u>	<u>295,000</u>
ENDING FUND BALANCE	<u>\$ (14,290)</u>	<u>\$ (8,824)</u>	<u>\$ 14,633</u>
EMERGENCY RESERVE	\$ -	\$ 100	\$ 6,900
AVAILABLE FOR OPERATIONS	<u>(14,290)</u>	<u>(8,924)</u>	<u>7,733</u>
TOTAL RESERVE	<u>\$ (14,290)</u>	<u>\$ (8,824)</u>	<u>\$ 14,633</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**Waterstone Metropolitan District No. 1
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/15/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Vacant land	\$ 145	\$ 145	\$ 2,857,588
Agricultural	-	-	11,063
Certified Assessed Value	\$ 145	\$ 145	\$ 2,868,651
 MILL LEVY			
General	0.000	74.062	74.580
Total mill levy	0.000	74.062	74.580
 BUDGETED PROPERTY TAXES			
General	\$ -	\$ 11	\$ 213,944
	\$ -	\$ 11	\$ 213,944

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 1
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Waterstone Metropolitan District No. 1 (the "District") was formed under a Service Plan approved by the City of Aurora, Arapahoe County, Colorado (the "City"), on August 1, 2005. The primary purpose of the District will be to provide for the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the public improvements as listed below. The District shall not be authorized to design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities, television relay and translation, nor golf courses without the City's approval of a Service Plan Amendment. The District was organized by Arapahoe County Court Order on January 26, 2006.

At an election held on November 1, 2005, the voters approved general indebtedness \$75,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, parks and recreation facilities, mosquito control, fire protection/medical emergency services, television relay and translation, public transportation, traffic and safety controls, debt refunding and intergovernmental contracts. The election authorized indebtedness of \$5,000,000 for operations and maintenance. The voters also approved an annual increase in taxes of up to \$615,000,000 for obligations under one or more agreements concerning the provision of public improvements between the District and a regional authority, the City, or one or more other governmental units. Additionally, the voters approved an increase in taxes of \$5,000,000 annually, or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses.

Pursuant to the Districts' Service Plan filed with the City, the maximum debt mill levy for an aggregate district's debt shall be 50 mills less the number of mills necessary to pay unlimited Mill Levy Debt, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2004. The portion of aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation the Mill Levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$50,000,000. The maximum debt mill levy as of December 31, 2019 was 55.663 mills.

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

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.

**WATERSTONE METROPOLITAN DISTRICT NO. 1
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

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

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 the property taxes collected.

Expenditures

Administrative Expenditures

Administrative expenditures for the project have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, audit, accounting, insurance, management, maintenance and other administrative expenses.

Transfer to HOA

The District plans on transferring all excess revenues to the HOA to assist with infrastructure support.

Debt and Leases

The District has no debt or operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying forecasted budget.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of ARAPAHOE COUNTY, Colorado.

On behalf of the WATERSTONE METROPOLITAN DISTRICT NO. 1,
(taxing entity)^A

the BOARD OF DIRECTORS
(governing body)^B

of the WATERSTONE METROPOLITAN DISTRICT NO. 1
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 2,868,651 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 2,868,651 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/09/19 for budget/fiscal year 2020.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>74.580</u> mills	\$ <u>213,944</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	74.580 mills	\$ 213,944
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	74.580 mills	\$ 213,944

Contact person: KEVIN COLLINS Daytime phone: (303)779-5710
(print)
Signed:  Title: ACCOUNTANT FOR DISTRICT

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.