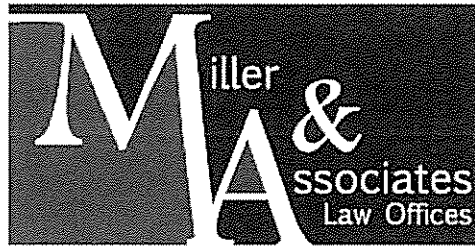


Dianne D. Miller
Admitted in Colorado and
New Mexico



Michael E. Davis
Admitted in Colorado
Richard K. Sans Soucy
Admitted in Colorado

RECEIVED
AUG 10 2020
Dept of Local Affairs

August 1, 2020

Arapahoe County Clerk & Recorder
5334 South Prince Street
Littleton, CO 80120

Division of Local Government
Department of Local Affairs
1313 Sherman Street, Room 521
Denver, CO 80203

Office of the State Auditor
Local Government Audit Division
1525 Sherman Street, 7th Floor
Denver, CO 80203

Manager of the Office of Development
Assistance
Aurora City Manager's Office
15151 East Alameda Parkway, Fifth Floor
Aurora, CO 80012

RE: 2019 Annual Reports

To Whom It May Concern:

Enclosed for your records is the annual report for 2019 for the below captioned district.
Please contact me with any questions or concerns. Thank you.

Waterstone Metropolitan District No. 1

MILLER & ASSOCIATES LAW OFFICES, LLC

Marisa Davis
Paralegal

Enclosures

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

ANNUAL REPORT FOR FISCAL YEAR 2019

Pursuant to the Service Plan for the Waterstone Metropolitan District No. 1 (the "District"), the District is required to provide an annual report to the City Of Aurora (the "City") with regard to the following matters:

- a. Boundary changes made or proposed as of December 31, 2019;
- b. Intergovernmental Agreements entered into or proposed as of December 31, 2019;
- c. Copies of the District's rules and regulations;
- d. A summary of any litigation involving District Public Improvements as of December 31 of the prior year;
- e. Status of the District's construction of Public Improvements as of December 31 of the prior year;
- f. A list of all facilities and improvements construction by the District that have been dedicated to and accepted by the City as of December 31, 2019;
- g. The assessed valuation of the District for the current year;
- h. Current year budget including a description of the Public Improvements to be constructed in such year;
- i. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable;
- j. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and
- k. Any inability of the District to pay its obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

For the year ending December 31, 2019, the District makes the following report:

- a. Boundary changes made or proposed;

No boundary changes were made during the reporting period.

hereto as **Exhibit B**.

- j. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

There were no uncured events of default during the reporting year.

- k. Any inability of the District to pay its obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

There were no instances of the District's inability to pay its obligations during the reporting period.

NOTICE AS TO PROPOSED 2019 BUDGET

**WATERSTONE METROPOLITAN DISTRICT NO. 1
NOTICE OF SPECIAL MEETING
AND
NOTICE AS TO PROPOSED 2019 BUDGET**

September 6, 2018

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the **WATERSTONE METROPOLITAN DISTRICT NO. 1** (the "District") County of Arapahoe, State of Colorado, will hold a special meeting at 9:30 A.M. on Thursday, September 6, 2018, at 1641 California Street, Suite 300, Denver, CO 80202, for the purpose of conducting such business as may come before the Board.

FURTHER, NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the District for the ensuing year of 2018. A copy of the proposed budget has been filed in the office of Miller & Associates Law Offices, LLC, 1641 California Street, Suite 300, Denver, CO 80202, where the same is open for public inspection. Such proposed budget will be considered at the special meeting of the District to be held at 9:30 A.M. on Thursday, September 6, 2018. Any interested elector within the District may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2019 budget.

The meeting is open to the public.

BY ORDER OF THE BOARD OF DIRECTORS
WATERSTONE METROPOLITAN DISTRICT NO. 1

By: /s/ MILLER & ASSOCIATES LAW OFFICES, LLC

Agenda

- 1) Call to Order
- 2) Declaration of Quorum
- 3) Consider the Appointment of Mr. Cheney, Mr. Pedersen, Mr. Huey and Ms. Waiton
 - a. Administer Oaths of Office
 - b. Election of District Officers
- 4) Consider Approval of August 8, 2018 Meeting Minutes
- 5) Public Hearing to Consider Approval of 2019 Budget
 - a. Adopt 2018 Budget, Certify Mill Levy, Appropriate 2019 Expenditures
- 6) Consider Approval of 2019 Annual Administrative Resolution
- 7) Consider Approval of Resolution Waiving Workers' Compensation Insurance for 2019
- 8) Consider Approval of 2018 Audit Exemption Resolution
- 9) Update on Status of Development
 - a. Discuss Possible Amendments to Service Plan, Discuss Financing Plans, Discuss information needed for 2018 Annual Report, as applicable
- 10) Review and Discuss Current District Boundaries
- 11) Consider the Resignation of Ms. Faircloth From the Board
- 12) Other Business
- 13) Adjourn

Next Regular Meeting(s) -- Thursday, October 11, 2018 at 2:00 P.M.

Section 1. Summary of 2019 Revenues and 2019 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2019, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2.

(A) Adoption of Budget. That the budget as submitted, amended and attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2019.

(B) 2019 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money necessary to balance the budget for the General Fund for operating expenses is \$11 and that the 2018 valuation for assessment, as certified by the Arapahoe County Assessor, is \$145. That for the purposes of meeting all general operating expenses of the District during the 2019 budget year, there is hereby levied a tax of 74.062 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2019.

(C) 2019 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$-0- and that the 2018 valuation for assessment, as certified by the Arapahoe County Assessor, is \$145. That for the purposes of meeting all debt retirement expenses of the District during the 2019 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 for the year 2019.

Section 3. Certification to Board of County Commissioners. That the attorney for the District is hereby authorized and directed to immediately certify to the Arapahoe County Board of County Commissioners, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

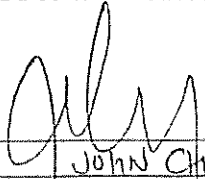
Section 4. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 5. 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.

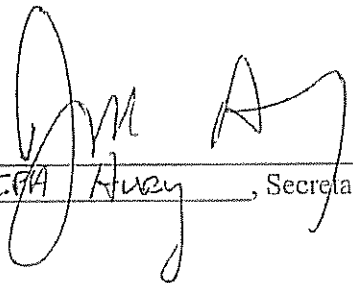
The foregoing Resolution was seconded by Director HUEY.

RESOLUTION APPROVED AND ADOPTED ON SEPTEMBER 6, 2018.

WATERSTONE METROPOLITAN DISTRICT NO. 1

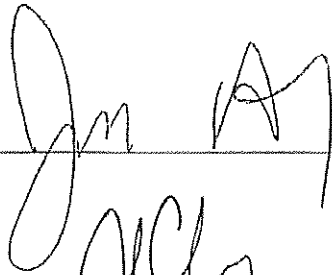
By: 
JOHN CHENRY, President

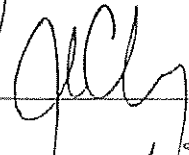
ATTEST:

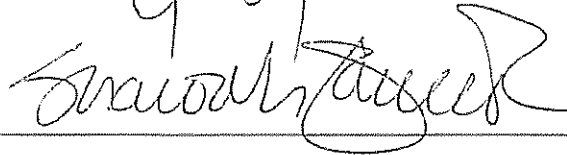

JOSEFA HUEY, Secretary/Treasurer

ACKNOWLEDGEMENT OF NOTICE AND
APPROVAL OF RECORD OF PROCEEDINGS

We, the undersigned members of the Board of Directors of the Waterstone Metropolitan District No. 1, Arapahoe County, Colorado, do hereby acknowledge receipt of proper notice of the meeting of the Board held at 9:30 AM on Thursday, September 6, 2018, at 1641 California Street, Suite 300, Denver, Colorado 80202, informing of the date, time and place of the meeting and the purpose for which it was called, and we do hereby approve said record of proceedings and the actions taken by the Board as stated therein.







WATERSTONE METROPLITAN DISTRICT NO. 1
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	11
Specific ownership tax	-	-	-
Developer advance	23,000	43,650	50,000
Total revenues	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
Total funds available	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
EXPENDITURES			
General and administrative	23,000	43,650	50,011
Total expenditures	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
Total expenditures and transfers out requiring appropriation	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 1
AVAILABLE FOR OPERATIONS	-	-	(1)
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

WATERSTONE METROPLITAN DISTRICT NO. 1
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	11
Developer advance	23,000	43,650	50,000
Total revenues	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
Total funds available	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
EXPENDITURES			
General and administrative			
Accounting	-	3,000	20,000
Dues and membership	-	693	700
Insurance and bonds	5,538	-	2,000
District management	-	12,000	-
Legal services	17,462	27,500	25,000
Banking fees	-	100	100
Election expense	-	-	-
Contingency	-	357	2,211
Operations and maintenance			
Total expenditures	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
Total expenditures and transfers out requiring appropriation	<u>23,000</u>	<u>43,650</u>	<u>50,011</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 1
AVAILABLE FOR OPERATIONS	-	-	(1)
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

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.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

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.

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.

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-5)	\$ 11	
2-2	Specific ownership	\$ 1	
2-3	Sales and use	\$ -	
2-4	Other (specify): Bank refund	\$ 12	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ 33,176	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 33,200	

PART 3 - EXPENDITURES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 2,733	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ 26,775	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES	\$ 29,508	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - STOP. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM"

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

No capital assests

6-3 Complete the following capital assets table:

	Balance - beginning of the year*	Additions (Must be included in Part-3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan? Yes No
- 7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan \$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

General Fund	\$ 50,011

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLACConnect.com

Accountant's Compilation Report

Board of Directors
Waterstone Metropolitan District No. 1
Arapahoe County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Waterstone Metropolitan District No. 1 as of and for the year ended December 31, 2019, included in the accompanying prescribed form. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form 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 financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

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

CliftonLarsonAllen LLP

Greenwood Village, Colorado
February 20, 2020



Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

July 08, 2020

Board Of Directors
Waterstone Metropolitan District No. 1
8390 E. Crescent Pkwy.
Greenwood Village, CO 80211

Suite 300

RE: 1228.01

To Whom it May Concern:

We have reviewed the *Application for Exemption from Audit* of the Waterstone Metropolitan District No. 1. Based on our review, the application for the year ended 12/31/2019 is approved.

If we may be of any assistance to you, please feel free to call us at 303-869-3000. For further resources see our web site at: www.colorado.gov/auditor

Sincerely,

Crystal L. Dorsey, CPA
Local Government Audit Manager

cc: Colorado Department of Local Affairs
Division of Local Governments



We Set the Standard for Good Government