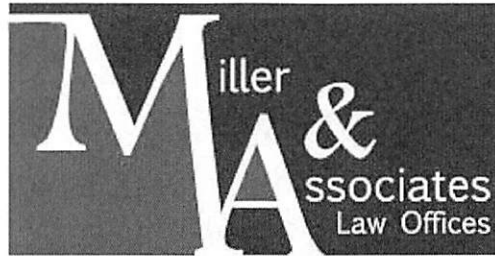


Dianne D. Miller
Admitted in Colorado and
New Mexico



Richard K. Sans Soucy
Admitted in Colorado

August 1, 2021

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: 2020 Annual Reports

To Whom It May Concern:

Enclosed for your records is the annual report for 2020 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

Paralegal

Enclosures

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

ANNUAL REPORT FOR FISCAL YEAR 2020

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 with regard to the following matters:

- a. Boundary changes made or proposed;
- b. Intergovernmental Agreements entered into or proposed;
- 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. The assessed valuation of the District for the current year;
- g. Current year budget including a description of the Public Improvements to be constructed in such year;
- h. 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;
- i. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and
- j. 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, 2020, the District makes the following report:

- a. Boundary changes made or proposed;

No boundary changes were made during the reporting period.
- b. Intergovernmental Agreements entered into or proposed;

No Intergovernmental Agreements were entered into during the reporting period and none are anticipated at this time.

- c. Copies of the District's rules and regulations;

The District has not adopted any rules or regulations, and therefore, no update is applicable.

- d. A summary of any litigation involving District Public Improvements as of December 31 of the prior year;

There is no litigation, pending or threatened, against the District of which we are aware.

- e. Status of the District's construction of Public Improvements as of December 31 of the prior year;

No construction of Public Improvements occurred in during the reporting year.

- f. The assessed valuation of the District for the current year;

\$2,686,651

- g. Current year budget including a description of the Public Improvements to be constructed in such year;

The budget resolution for the report year is attached hereto as Exhibit B. There are no Public Improvements schedule to be constructed by the District in the budget year.

- h. 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;

The District was exempt from audit for the year ending December 31 of the report year. A copy of the District's audit exemption application and resolution is attached hereto as Exhibit C.

- i. 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.

- j. 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.

Exhibit A
2020 Budget Resolution
2020 Budget



CliftonLarsonAllen LLP
CLAconnect.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



An independent member of Nexia International

**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	35,500	33,199	318,457
Total funds available	35,500	18,909	309,633
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	49,790	27,733	295,000
Total expenditures and transfers out requiring appropriation	49,790	27,733	295,000
ENDING FUND BALANCE	\$ (14,290)	\$ (8,824)	\$ 14,633
EMERGENCY RESERVE	\$ -	\$ 100	\$ 6,900
AVAILABLE FOR OPERATIONS	(14,290)	(8,924)	7,733
TOTAL RESERVE	\$ (14,290)	\$ (8,824)	\$ 14,633

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	ESTIMATED	BUDGET
2018	2019	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.

**RESOLUTION TO AMEND 2020 BUDGET
WATERSTONE METROPOLITAN DISTRICT NO. 1**

WHEREAS, the Board of Directors of Waterstone Metropolitan District No. 1 (the "District") certifies that at a special meeting of the Board of Directors of the District held on November 4, 2020 regarding an amendment to the 2020 budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for the fiscal year 2020 as follows:

Debt Service Fund	\$0
Capital Projects Fund	\$0

WHEREAS, the necessity has arisen for appropriation and expenditure of funds from the Debt Service Fund and Capital Projects Fund in excess of those appropriated for fiscal year 2020, as reflected by satisfactory evidence presented to the Board of Directors at this meeting.

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of the adoption of the budget.

WHEREAS, funds are available for the additional expenditures.

WHEREAS, upon due and proper notice, published and/or posted in accordance with law, the proposed budget amendment was available for inspection by the public at a designated public office, a hearing was held on November 4, 2020, and interested electors were given the opportunity to file or register any objections to said proposed budget amendment.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District shall and hereby does amend the adopted budget for fiscal year 2020, as follows:

Debt Service Fund	\$533,120
Capital Projects Fund	\$15,680,026

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the Debt Service Fund and Capital Projects Fund for the purposed stated.

ADOPTED AND APPROVED ON NOVEMBER 4, 2020.

WATERSTONE METROPOLITAN DISTRICT NO. 1

DocuSigned by:



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John Cheney, President


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 the 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 2:00 PM on November 4, 2020, 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 the amended budget 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 November 4, 2020.

DocuSigned by:

By: _____
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Kent Pedersen, Secretary/Treasurer