

**RESOLUTION TO AMEND 2023 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 October 13, 2023 at 2:00 p.m.

<https://us02web.zoom.us/j/83074990993?pwd=R2drZG0zWnBUaWQ3T3crMnRwa2cwZz09&from=add> on Meeting ID: 830 7499 0993; Passcode: 846464; Telephone: 1 719 359 4580, regarding an amendment to the 2023 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 2023 as follows:

General Fund	<u>\$310,078.00</u>
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WHEREAS, the necessity has arisen for appropriation and expenditure of funds from the General Fund in excess of those appropriated for fiscal year 2023, 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 October 13, 2023, 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 2023, as follows:

General Fund	<u>\$315,000.00</u>
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BE IT FURTHER RESOLVED that such sums are hereby appropriated from the revenues of the District to the General Fund for the purposed stated.

ADOPTED AND APPROVED ON October 13, 2023.

WATERSTONE METROPOLITAN DISTRICT NO. 1

DocuSigned by:  
  
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Kent Pedersen, President

STATE OF COLORADO

COUNTY OF ARAPAHOE

WATERSTONE METROPOLITAN DISTRICT NO. 1

I, Debra Hessler, 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 October 13, 2023 at 2:00 p.m. via zoom: <https://us02web.zoom.us/j/83074990993?pwd=R2drZG0zWnBUaWQ3T3crMnRwa2cwZz09&from=addon> Meeting ID: 830 7499 0993; Passcode: 846464; Telephone: 1 719 359 4580 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 2023 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 this 13th day of October, 2023.

DocuSigned by:  
Debra Hessler  
By: \_\_\_\_\_  
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Debra Hessler, Secretary/Treasurer

**WATERSTONE METROPOLITAN DISTRICT NO. 1**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2023**

**WATERSTONE METROPLITAN DISTRICT NO. 1  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 3,893,156	\$ 3,110,694	\$ 2,553,486
REVENUES			
Property taxes	192,543	421,182	824,796
Specific ownership tax	13,270	29,482	49,488
Interest income	1,129	20,350	46,000
Developer advance	-	5,890,098	-
Total revenues	<u>206,942</u>	<u>12,508,112</u>	<u>920,284</u>
Total funds available	<u>4,100,098</u>	<u>15,618,806</u>	<u>3,473,770</u>
EXPENDITURES			
General Fund	42,448	93,907	185,000
Debt Service Fund	946,956	948,515	960,000
Capital Projects Fund	-	12,022,898	-
Total expenditures	<u>989,404</u>	<u>13,065,320</u>	<u>1,145,000</u>
Total expenditures and transfers out requiring appropriation	<u>989,404</u>	<u>13,065,320</u>	<u>1,145,000</u>
ENDING FUND BALANCES	<u>\$ 3,110,694</u>	<u>\$ 2,553,486</u>	<u>\$ 2,328,770</u>
EMERGENCY RESERVE	\$ 1,600	\$ 3,500	\$ 6,700
AVAILABLE FOR OPERATIONS	38,435	71,522	106,157
SURPLUS RESERVE (MAX: \$3,136,000)	1,570,484	1,580,000	1,600,000
BOND FUND	1,500,175	898,464	615,913
TOTAL RESERVE	<u>\$ 3,110,694</u>	<u>\$ 2,553,486</u>	<u>\$ 2,328,770</u>

No assurance provided. See summary of significant assumptions.

**WATERSTONE METROPLITAN DISTRICT NO. 1**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
<b>ASSESSED VALUATION</b>			
Vacant land	\$ 2,047,111	2,170,130	4,075,838
Commercial	59	59	361
Residential	517,245	3,381,321	7,028,565
Agricultural	11,063	18,796	-
State assessed	5,910	76,400	184,380
Certified Assessed Value	<u>\$ 2,581,388</u>	<u>\$ 5,646,706</u>	<u>\$ 11,289,144</u>
<b>MILL LEVY</b>			
General	18.925	18.925	18.538
Debt Service	55.664	55.664	54.523
Total mill levy	<u>74.589</u>	<u>74.589</u>	<u>73.061</u>
<b>PROPERTY TAXES</b>			
General	\$ 48,848	\$ 106,864	\$ 209,278
Debt Service	143,695	314,318	615,518
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 192,543</u>	<u>\$ 421,182</u>	<u>\$ 824,796</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<b>\$ 48,848</b>	<b>\$ 106,864</b>	<b>\$ 209,278</b>
Debt Service	<b>143,695</b>	<b>314,318</b>	<b>615,518</b>
	<u><b>\$ 192,543</b></u>	<u><b>\$ 421,182</b></u>	<u><b>\$ 824,796</b></u>

No assurance provided. See summary of significant assumptions.

**WATERSTONE METROPLITAN DISTRICT NO. 1  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 30,264	\$ 40,035	\$ 75,022
<b>REVENUES</b>			
Property taxes	48,848	106,864	209,278
Specific ownership tax	3,367	7,480	12,557
Interest income	4	350	1,000
Developer advance	-	14,200	-
Total revenues	52,219	128,894	222,835
Total funds available	82,483	168,929	297,857
<b>EXPENDITURES</b>			
General and administrative			
Accounting	19,671	25,000	27,000
Auditing	5,500	4,000	6,000
County Treasurer's fee	733	1,603	3,139
Dues and licenses	706	750	1,000
Insurance and bonds	2,782	2,527	3,500
Legal services	7,648	30,000	35,000
Miscellaneous	15	15	-
Election expense	-	1,514	2,000
Contingency	-	-	7,361
Landscape Maintenance			
Transfer to HOA	-	26,000	100,000
Total expenditures	42,448	93,907	185,000
Total expenditures and transfers out requiring appropriation	42,448	93,907	185,000
ENDING FUND BALANCE	\$ 40,035	\$ 75,022	\$ 112,857
EMERGENCY RESERVE	\$ 1,600	\$ 3,500	\$ 6,700
AVAILABLE FOR OPERATIONS	38,435	71,522	106,157
TOTAL RESERVE	\$ 40,035	\$ 75,022	\$ 112,857

No assurance provided. See summary of significant assumptions.

**WATERSTONE METROPLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 3,862,892	\$ 3,070,659	\$ 2,478,464
<b>REVENUES</b>			
Property taxes	143,695	314,318	615,518
Specific ownership tax	9,903	22,002	36,931
Interest income	1,125	20,000	45,000
Total revenues	154,723	356,320	697,449
Total funds available	4,017,615	3,426,979	3,175,913
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	2,156	4,715	9,233
Paying agent fees	4,000	3,000	4,500
Contingency	-	-	5,467
Debt Service			
Bond interest	940,800	940,800	940,800
Total expenditures	946,956	948,515	960,000
Total expenditures and transfers out requiring appropriation	946,956	948,515	960,000
ENDING FUND BALANCE	\$ 3,070,659	\$ 2,478,464	\$ 2,215,913
SURPLUS RESERVE (MAX: \$3,136,000)	\$ 1,570,484	\$ 1,580,000	\$ 1,600,000
BOND FUND	1,500,175	898,464	615,913
TOTAL RESERVE	\$ 3,070,659	\$ 2,478,464	\$ 2,215,913

No assurance provided. See summary of significant assumptions.

**WATERSTONE METROPLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	5,875,898	-
Bond Issuance	-	6,147,000	-
Total revenues	<u>-</u>	<u>12,022,898</u>	<u>-</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>-</u>	<u>12,022,898</u>	<u>-</u>
EXPENDITURES			
General and Administrative			
Capital Projects			
Bond issue costs	-	185,422	-
Capital outlay	-	5,875,898	-
Repay developer advance - principal	-	5,875,898	-
Repay developer advance - interest	-	85,680	-
Total expenditures	<u>-</u>	<u>12,022,898</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>12,022,898</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.



**WATERSTONE METROPOLITAN DISTRICT NO. 1**  
**2023 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 55.664 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  
2023 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.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2%

**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 \$26,000 to the HOA to assist with landscape maintenance.

**Debt Service**

The principal and interest payments are provided based on the debt amortization schedules from the General Obligation Bonds, Series 2020A (discussed under Debt and Leases).

**Capital Outlay**

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**WATERSTONE METROPOLITAN DISTRICT NO. 1**  
**2023 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

The District issued its Series 2020A Bonds on May 7, 2020, in the par amount of \$15,680,000. Proceeds from the sale of the Bonds were used to: (a) finance public improvements; (b) pay capitalized interest on the Bonds; (c) fund an Initial Deposit to the Surplus Fund; and (d) pay costs of issuance of the Bonds.

The Bonds bear interest at 6.000% per annum and are payable semiannually on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2028. The Bonds mature on December 1, 2049.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Bond. In the event that any amount of principal of or interest on the Bonds remains unpaid after the application of available Pledged Revenue on December 1, 2060, such unpaid amounts shall be deemed discharged.

The Bonds are secured by Pledged Revenue which means: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Capital Fees; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

“Property Tax Revenues” means all moneys derived from imposition by the District of the Required Mill Levy. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County and do not include specific ownership tax revenues.

“Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of its imposition of the Required Mill Levy.

“Capital Fees” means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District. Capital Fees does not include any fee imposed solely for the purpose of funding operations and maintenance expenses. The District does not currently impose Capital Fees.

The District is required to impose a Required Mill Levy upon all taxable property of the District each year in an amount that generates Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds when due (less any amounts then on deposit in the Bond Fund and, solely as provided in the Indenture, the Surplus Fund), but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2004).

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Required Mill Levy shall be equal to 50 mills (subject to adjustment), or such lesser amount that will generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Bonds when due and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Bond Fund and the Surplus Fund, will pay the Bonds in full in the year such levy is collected.

**WATERSTONE METROPOLITAN DISTRICT NO. 1  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, 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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2025, to May 31, 2026	3.00%
June 1, 2026, to May 31, 2027	2.00
June 1, 2027, to May 31, 2028	1.00
June 1, 2028, and thereafter	0.00

The Bonds are additionally secured by capitalized interest which was funded from proceeds of the Bonds in the amount of \$2,822,400 and by amounts, if any, in the Surplus Fund.

Except for the Initial Deposit from proceeds of the Bonds in the amount of \$1,568,000, Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$3,136,000. Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds are to be applied to the payment of the Bonds. The availability of such amount shall be taken into account in calculating the Required Mill Levy required to be imposed in the levy year prior to the year of final maturity of the Bonds.

The District has no operating or capital leases.

The District has outstanding developer advances with anticipated activity as follows:

	Balance - December 31, 2021	Additions	Retirements/ Reductions	Balance - December 31, 2022
Developer Advances	\$ 160,203	\$ 14,200	\$ -	\$ 174,403
Accrued Interest - Developer				
Advances	25,474	13,616	-	\$ 39,090
Total	\$ 185,677	\$ 27,816	\$ -	\$ 213,493
	Balance - December 31, 2022	Additions	Retirements/ Reductions	Balance - December 31, 2023
Developer Advances	\$ 174,403	\$ -	\$ -	\$ 174,403
Accrued Interest - Developer				
Advances	39,090	14,146	-	53,236
Total	\$ 213,493	\$ 14,146	\$ -	\$ 227,639

**WATERSTONE METROPOLITAN DISTRICT NO. 1  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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 budget.**