

**WATERSTONE METROPOLITAN DISTRICT NO. 2 ANNUAL REPORT
TO THE CITY OF AURORA
FOR THE YEAR ENDED DECEMBER 31, 2021**

I. ANNUAL REPORT REQUIREMENT

Pursuant to Section VIII of the Waterstone Metropolitan District No. 2 Service Plan (approved by the City on August 1, 2005), the District is required to provide an annual report to the Manager of the Office of Development Assistance of the City of Aurora's Manager's Office no later than August 1st. Such annual report shall include information concerning the following matters:

- 1) Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
- 2) Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.
- 3) Copies of the District's rules and regulations, if any as of December 31 of the prior year.
- 4) A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.
- 5) Status of the District's construction of the Public Improvements as of December 31 of the prior year.
- 6) A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.
- 7) The assessed valuation of the District for the current year.
- 8) Current year budget including a description of the Public Improvements to be constructed in such year.
- 9) 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.
- 10) Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.
- 11) Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

II. FOR THE YEAR ENDED DECEMBER 31, 2021 THE DISTRICT REPORTS THE FOLLOWING:

- A. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.

No boundary changes were made or proposed to/by the District in 2021.

- B. Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.

No new Intergovernmental Agreements have been entered into between the District and any other governmental agencies.

- C. Copies of the District's rules and regulations, if any, as of December 31 of the prior year.

The Board adopted no new policies during the year:

The Board updated none of its existing policies during the year.

- D. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.

None.

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

In 2021, the land within the District remains undeveloped.

- F. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.

None

- G. The assessed valuation of the District for the current year.

For 2022, the County-assessed valuation of all real property within the District is \$38,125 – an increase of \$4,168 from the prior year's valuation.

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

See **Exhibit A** attached to this report.

The District does not anticipate any Public Improvements to be constructed within the District boundaries in 2022.

- 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.

See **Exhibit B** attached to this report.

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

N/A – The District currently has no outstanding debt obligations.

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

N/A – The District currently has no outstanding debt obligations.

EXHIBIT A
2022 BUDGET

CERTIFICATION OF BUDGET FOR
WATERSTONE METROPOLITAN DISTRICT NO. 2

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Waterstone Metropolitan District No. 2, for the budget year ending December 31, 2022, as adopted on October 21, 2021.

Also, attached hereto, are true and accurate copies of the District's 2022 budget resolution and budget message.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Waterstone Metropolitan District No. 2 in Arapahoe County, Colorado, this 21st day of October 2021.

DocuSigned by:

55D0656E7D8A418

Sharon Faircloth, Chairman

WATERSTONE METROPOLITAN DISTRICT NO 2



**CITY OF AURORA
ARAPAHOE COUNTY, COLORADO**

2022 Budget

(Adopted October 21, 2021)



8354 Northfield Blvd
Building G, Suite 3700
Denver, Colorado 80238
Telephone (720) 541-7725

Accountant's Report

Board of Directors
Waterstone Metropolitan District No. 2
Commerce City, Colorado

The accompanying forecasted budget of revenues, expenditures and fund balances of the Waterstone Metropolitan District No. 2 for the General Fund, Debt Service Fund and Capital Project Fund for the year ending December 31, 2022 and the forecasted estimate of comparative information for the year ending December 31, 2021 were not subjected to an audit, review, or compilation engagement by me and, accordingly, I do not express an opinion, a conclusion, nor provide any assurance on them.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.



Charles Wolfersberger, CPA
Henderson, CO
September 27, 2021

WATERSTONE METROPOLITAN DISTRICT NO. 2
SUMMARY
FORECASTED 2022 BUDGET AS PROPOSED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2020	ESTIMATED 2021	ADOPTED 2022
BEGINNING FUND BALANCES	\$ 2,771	\$ 3,952	\$ 2,800
REVENUES			
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Net investment income	-	-	-
Total Revenues	-	-	-
OTHER FINANCING SOURCES			
Developer advances	9,700	9,500	60,600
Fund transfers in	-	-	-
Total Funds Available	12,471	13,452	63,400
EXPENDITURES			
Accounting and management fees	6,000	6,000	6,000
Legal fees	-	2,000	2,000
Insurance	2,015	2,100	2,100
Administrative costs	504	500	500
Director fees	-	-	-
Contingency	-	52	50,000
Debt service	-	-	-
Capital projects	-	-	-
Total Expenditures	8,519	10,652	60,600
OTHER FINANCING USES			
Developer advance repayments	-	-	-
Fund transfers out	-	-	-
Total expenditures and financing uses requiring appropriation	8,519	10,652	60,600
ENDING FUND BALANCES	\$ 3,952	\$ 2,800	\$ 2,800
EMERGENCY RESERVE	\$ 400	\$ 300	\$ 700

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
 For the Years Ended and Ending December 31,

	ACTUAL 2020	ACTUAL 2021	ADOPTED 2022
ASSESSED VALUATION – ADAMS COUNTY			
Residential	\$ -	\$ -	\$ -
Vacant Land	34,102	33,957	38,125
Personal Property	-	-	-
State Assessed	-	-	-
Certified Assessed Value	\$ 34,102	\$ 33,957	\$ 38,125
MILL LEVY			
GENERAL FUND	0.000	0.000	0.000
DEBT SERVICE FUND	0.000	0.000	0.000
Total Mill Levy	0.000	0.000	0.000
PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ -
DEBT SERVICE FUND	-	-	-
	\$ -	\$ -	\$ -

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WATERSTONE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2022 BUDGET AS PROPOSED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2020	ESTIMATED 2021	ADOPTED 2022
BEGINNING FUND BALANCES	\$ 2,771	\$ 3,952	\$ 2,800
REVENUES			
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Net investment income	-	-	-
Total Revenues	-	-	-
OTHER FINANCING SOURCES			
Developer advances	9,700	9,500	60,600
Fund transfers in	-	-	-
Total Funds Available	12,471	13,452	63,400
EXPENDITURES			
Accounting and management fees	6,000	6,000	6,000
Legal fees	-	2,000	2,000
Insurance	2,015	2,100	2,100
Administrative costs	504	500	500
Director fees	-	-	-
Contingency	-	52	50,000
Total Expenditures	8,519	10,652	60,600
TRANSFERS OUT			
	-	-	-
Total expenditures and transfers out requiring appropriation	8,519	10,652	60,600
ENDING FUND BALANCES	\$ 3,952	\$ 2,800	\$ 2,800
EMERGENCY RESERVE	\$ 400	\$ 400	\$ 700

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
FORECASTED 2022 BUDGET AS PROPOSED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2020	ESTIMATED 2021	ADOPTED 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Net investment income	-	-	-
Total Revenues	-	-	-
TRANSFERS IN	-	-	-
Total Funds Available	-	-	-
EXPENDITURES			
Debt service	-	-	-
Total Expenditures	-	-	-
TRANSFERS OUT	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
FORECASTED 2022 BUDGET AS PROPOSED
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2020	ESTIMATED 2021	ADOPTED 2022
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Net investment income	-	-	-
Total Revenues	-	-	-
TRANSFERS IN	-	-	-
Total Funds Available	-	-	-
EXPENDITURES			
Capital project costs	-	-	-
Total Expenditures	-	-	-
TRANSFERS OUT	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Waterstone Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 28, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Aurora (City) in August 2005. The District's service area is located in Arapahoe County, Colorado entirely within the boundaries of the City. The District was established to provide financing for the design, acquisition, construction and installation of streets, traffic and safety controls, park and recreation, sanitary sewer, storm drainage and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also established to (1) maintain various open spaces within the District (not otherwise owned and maintained by the City), (2) maintain perimeter fencing, and (3) provide covenant enforcement and architectural review services.

The District currently encompasses one 0.2-acre parcel of land located approximately ¼-mile east of South Gun Club Road between East Alameda Avenue and East Mississippi Avenue. Per the District's Service Plan, the District may expand the District's boundaries to include certain additional undeveloped land parcels with an approximate size of 79.56 acres.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Accounting Basis

The District prepares its budget on the modified accrual basis of accounting.

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.

On November 1, 2005, District voters authorized the District to assess property taxes at no more than \$5,000,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

For the collection year 2022, the District adopted a mill levy of 0.000 for operations and 0.000 for debt service. The calculation is reflected on page 2 of the budget.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. The 2022 budget projects the District's share of specific ownership taxes received from the State will be equal to approximately 7.5% of total property taxes collected.

The District allocates specific ownership tax revenue proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and meeting expenses. Additionally, funds have been appropriated for estimated landscaping maintenance of open spaces and maintenance and operation of the District's recreational facilities.

Capital Projects

The District has no planned capital projects for 2022.

Debt and Leases

The District has not issued any debt nor entered into any operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending, excluding spending appropriations for bonded debt service, for 2022 as defined under TABOR.

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

WATERSTONE METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Developer Advances - Operations

On January 02, 2006, the District and Murphy Creek Estates, LLC (the Developer) entered into an Advance and Reimbursement Agreement (the AR Agreement), pursuant to which the Developer acknowledged the advancement of certain funds to the District to pay for certain accounting and legal consultant's costs incurred on behalf of the District in connection with District operations, and the District's obligation to reimburse such amounts to the Developer, subject to available revenues (the "Developer Advances"). The AR Agreement is subject to annual appropriation and is not multiple-fiscal year obligation for the purposes of Article X, Section 20 of the Colorado Constitution. Interest accrues on amounts advanced to the District at the rate of 7% per annum.

For the 5-year period ended December 31, 2022, the rollforward of actual and projected activity in Developer Advances and related accrued interest is as follows:

Developer Advance Rollforward - Advances				
	Balance as of January 1st	Advances	Repayments	Balance as of December 31st
2018 (Actual)	\$ 71,035	\$ 16,150	\$ -	\$ 87,185
2019 (Actual)	\$ 87,185	\$ 10,500	\$ -	\$ 97,685
2020 (Actual)	\$ 97,685	\$ 9,700	\$ -	\$ 107,385
2021 (Projected)	\$ 107,385	\$ 9,500	\$ -	\$ 116,885
2022 (Projected)	\$ 116,885	\$ 20,600	\$ -	\$ 137,485

Developer Advance Rollforward – Accrued Interest				
	Balance as of January 1st	Accrued Interest	Repayments	Balance as of December 31st
2018 (Actual)	\$ 32,698	\$ 5,538	\$ -	\$ 38,236
2019 (Actual)	\$ 38,236	\$ 6,470	\$ -	\$ 44,706
2020 (Actual)	\$ 44,706	\$ 7,177	\$ -	\$ 51,883
2021 (Projected)	\$ 51,883	\$ 7,850	\$ -	\$ 59,733
2022 (Projected)	\$ 59,733	\$ 8,903	\$ -	\$ 68,636

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. These financial statements should be read only in connection with the summary of significant assumptions.

EXHIBIT B
2021 Financial Statements

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

IF EITHER REVENUES OR EXPENDITURES EXCEED \$100,000, USE THE LONG FORM.

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.) any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$750,000 in the year.

EXEMPTIONS FROM AUDIT ARE NOT AUTOMATIC

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit EACH YEAR and submit it to the Office of the State Auditor (OSA).

Any preparer of an Application for Exemption from Audit-SHORT FORM must be a person skilled in governmental accounting.

Approval for an exemption from audit is granted only upon the review by the OSA.

READ ALL INSTRUCTIONS BEFORE COMPLETING AND SUBMITTING THIS FORM

ALL APPLICATIONS MUST BE FILED WITH THE OSA WITHIN 3 MONTHS AFTER THE ACCOUNTING YEAR-END.

FOR EXAMPLE, APPLICATIONS MUST BE RECEIVED BY THE OSA ON OR BEFORE MARCH 31 FOR GOVERNMENTS WITH A DECEMBER 31 YEAR-END.

GOVERNMENTAL ACTIVITY SHOULD BE REPORTED ON THE MODIFIED ACCRUAL BASIS
PROPRIETARY ACTIVITY SHOULD BE REPORTED ON A BUDGETARY BASIS

POSTMARK DATES WILL NOT BE ACCEPTED AS PROOF OF SUBMISSION ON OR BEFORE THE STATUTORY DEADLINE

PRIOR YEAR FORMS ARE OBSOLETE AND WILL NOT BE ACCEPTED. FOR YOUR REFERENCE, COLORADO REVISED STATUTES CAN BE FOUND AT:

APPLICATIONS SUBMITTED ON FORMS OTHER THAN THOSE PRESCRIBED BY THE OSA WILL NOT BE ACCEPTED.

<http://www.lexisnexis.com/hottopics/Colorado/>

APPLICATIONS MUST BE FULLY AND ACCURATELY COMPLETED.

CHECKLIST

- Has the preparer signed the application?
- Has the entity corrected all Prior Year Deficiencies as communicated by the OSA?
- Has the application been PERSONALLY reviewed and approved by the governing body?
- Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?
- Will this application be submitted electronically?
 - If yes, have you read and understand the new Electronic Signature Policy? See new policy -> [here](#)
 - or--
 - If yes, have you included a resolution?
 - Does the resolution state that the governing body PERSONALLY reviewed and approved the resolution in an open public meeting?
 - Has the resolution been signed by a MAJORITY of the governing body? (See sample resolution.)
- Will this application be submitted via a mail service? (e.g. US Post Office, FedEx, UPS, courier.)
 - If yes, does the application include ORIGINAL INK SIGNATURES from the MAJORITY of the governing body?

FILING METHODS

NEW METHOD! Register and submit your Applications at our new portal!

WEB PORTAL: <https://apps.leg.co.gov/osa/lg>

MAIL: Office of the State Auditor
Local Government Audit Division
1525 Sherman St., 7th Floor
Denver, CO 80203

QUESTIONS? Email: osa.lg@state.co.us OR Phone: 303-869-3000

IMPORTANT!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the Modified Accrual Basis

Proprietary Activity should be reported on the Cash or Budgetary Basis

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year.

In that event, AN AUDIT SHALL BE REQUIRED.

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

**NAME OF GOVERNMENT
ADDRESS**

Waterstone Metropolitan District No. 2
12210 Brighton Rd #8
Henderson, CO 80640

**For the Year Ended
12/31/21
or fiscal year ended:**

**CONTACT PERSON
PHONE
EMAIL
FAX**

Charles Wolfersberger (District Manager)
(720) 541-7725
charles@wolfersbergerLLC.com
N/A

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

**NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED**

Charles Wolfersberger
 District Manager
 Wolfersberger, LLC
 8354 Northfield Blvd Building G, Suite 3700 Denver, CO 80238
 (720) 541-7725
 Jan. 17, 2022

PREPARER (SIGNATURE REQUIRED)

DocuSigned by:
 1/17/2022
0082DA4F5B3543F...

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types	GOVERNMENTAL <small>(MODIFIED ACCRUAL BASIS)</small>	PROPRIETARY <small>(CASH OR BUDGETARY BASIS)</small>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
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)	\$ -	
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	\$ -	

PART 3 - EXPENDITURES/EXPENSES

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	\$ 385	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 2,269	
3-7	Accounting and legal fees	\$ 6,000	
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	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
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/EXPENSES	\$ 8,654	

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 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input type="checkbox"/>	<input type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input type="checkbox"/>	<input type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ 107,385	\$ 9,500	\$ -	\$ 116,885
Other (specify): Accrued interest on advances	\$ 51,883	\$ 7,850	\$ -	\$ 59,733
TOTAL	\$ 159,268	\$ 17,350	\$ -	\$ 176,618

*must tie to prior year ending balance

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much? \$ 755,000,000.00 Date the debt was authorized: 11/06/01	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much? \$ -	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding? \$ -	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8 Does the entity have any lease agreements? If yes: What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments? \$ -	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ 374	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ 374
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
	\$ -	
	\$ -	
5-3 Total Investments		\$ -
Total Cash and Investments		\$ 374

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

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

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" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' 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 1?	\$ -

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
- Board-approved 2022 budget filed with DLG on 12/14/21
- 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

N/A

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

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 60,600
Debt Service Fund	\$ -
Capital Project Fund	\$ -

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

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

Yes

No

10-1 Is this application for a newly formed governmental entity?

If yes: **Date of formation:**

10-2 Has the entity changed its name in the past or current year?

If yes: **Please list the NEW name & PRIOR name:**

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

Financing public infrastructure, park and perimeter fence maint, covenant enforcement

10-4 Does the entity have an agreement with another government to provide services?

If yes: **List the name of the other governmental entity and the services provided:**

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: **Date Filed:**

10-6 Does the entity have a certified Mill Levy?

If yes: **Please provide the following mills levied for the year reported (do not report \$ amounts):**

Bond Redemption mills

-

General/Other mills

-

Total mills

-

Please use this space to provide any explanations or comments:

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 checked="" type="checkbox"/>	<input type="checkbox"/>

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



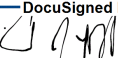
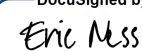
Policy - Requirements

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.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1		I Sharon Faircloth, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: <u>1/17/2022</u> My term Expires: May 2023 DocuSigned by:  55D0656E7D8A418...
Board Member 2		I Katherine McCracken, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: <u>1/17/2022</u> My term Expires: May 2023 DocuSigned by:  88722345888C49D...
Board Member 3		I Harry Faircloth, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: <u>1/17/2022</u> My term Expires: May 2023 DocuSigned by:  01A842F7D5D6490...
Board Member 4		I Eric Ness, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: <u>1/17/2022</u> My term Expires: May 2022 DocuSigned by:  D72E0B2304A84CF...
Board Member 5		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

**WATERSTONE METROPOLITAN DISTRICT NO. 2
RESOLUTION REGARDING EXEMPTION FROM AUDIT**
(Pursuant to Section 29-1-604 CRS)

A RESOLUTION/ORDINANCE APPROVING AN EXEMPTION FROM AUDIT FOR CALENDAR YEAR 2021 FOR THE WATERSTONE METROPOLITAN DISTRICT NO. 2, STATE OF COLORADO

WHEREAS, the Board of the Waterstone Metropolitan District No. 2 (“District”) wishes to claim exemption from the audit requirements of Section 29-1-603. C.R.S.; and

WHEREAS, Section 29-1-604, C.R.S., states that any local government where neither revenues or expenditures exceed seven hundred and fifty thousand dollars may, with the approval of the State Auditor, be exempt from the provision of Section 29-1-603, C.R.S.; and

WHEREAS, neither revenue nor expenditures for the District exceeded \$100,000 for Fiscal Year 2021; and

WHEREAS, an application for exemption from audit for the District has been prepared by Charles Wolfersberger, a person skilled in governmental accounting; and

WHEREAS, said application for exemption from audit has been completed in accordance with regulations, issued by the State Auditor.

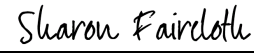

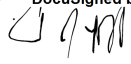

NOW THEREFORE, be it resolved by the Board of the District that the application for exemption from audit the District for the Calendar Year ended 2021 has been personally reviewed and is hereby approved by a majority of the Board of the District; that those members of the Board have signified their approval by signing on the next page; and that this resolution shall be attached to, and shall become a part of, the application for exemption from audit of the District for the calendar year ended December 31, 2021.

Adopted this 17th day of January 2022.

WATERSTONE METROPOLITAN
DISTRICT NO. 2

By: DocuSigned by:
Sharon Faircloth
55D0656E7D8A418
Sharon Faircloth, Chairperson

ATTEST: DocuSigned by:
Kathy McCracken
88722345888C49D
By: _____
Katherine McCracken, Secretary

Director' Name	Director's Office	Term Expires	Signature
Sharon Faircloth	President	May 2023	DocuSigned by:  55D0656E7D8A418
Katherine McCracken	Secretary	May 2023	DocuSigned by:  88722345888C49D...
Harry Faircloth	Treasurer	May 2023	DocuSigned by:  01A842F7D5D6490...
Eric Ness		May 2022	DocuSigned by:  D72E0B2304A84CF...
Vacancy		May 2022	