

Waterstone Metropolitan District No. 2

Board Members

Sharon Faircloth, President
Katherine McCracken, Treasurer/Secretary
Harry Faircloth, Secretary
Eric Ness, Asst. Secretary

12210 Brighton Rd #8 | Commerce City, CO 80640

(720) 541-7725

January 11, 2023

Office of Development Assistance
City of Aurora
15151 E. Alameda Parkway, Fifth Floor
Aurora, Colorado 80012

Re: Waterstone Metropolitan District No. 2 2022 Annual Report

To Whom it May Concern:

Enclosed please find the 2022 Annual Report ("Report") for the District, as required by the District's Service Plan. Copies of this Report are being sent to the entities listed below pursuant to Section 32-1-207(3)(c), C.R.S.

Please contact me if you have any questions.

Sincerely,



Charles Wolfersberger
District Manager

cc w/enclosure:
Division of Local Government

**WATERSTONE METROPOLITAN DISTRICT NO. 2 ANNUAL REPORT
TO THE CITY OF AURORA
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022 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 2022.

- 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 2022, 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 2023, the County-assessed valuation of all real property within the District is \$44,047 – an increase of \$5,922 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 2023.

- 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.

The District will file an audit exemption report for the 2022 year with the Colorado State Auditor's Office no later than March 31, 2023.

- 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
2023 BUDGET

WATERSTONE METROPOLITAN DISTRICT NO 2



**CITY OF AURORA
ARAPAHOE COUNTY, COLORADO**

2023 Budget

(Adopted October 05, 2022)

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, 2023 and the forecasted estimate of comparative information for the year ending December 31, 2022 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 14, 2022

WATERSTONE METROPOLITAN DISTRICT NO. 2
SUMMARY
FORECASTED 2023 BUDGET AS PROPOSED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ESTIMATED 2022	ADOPTED 2023
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 2021	ADOPTED 2022	ADOPTED 2023
ASSESSED VALUATION – ADAMS COUNTY			
Residential	\$ -	\$ -	\$ -
Vacant Land	33,957	38,125	44,047
Personal Property	-	-	-
State Assessed	-	-	-
Certified Assessed Value	\$ 33,957	\$ 38,125	\$ 44,047
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 2023 BUDGET AS PROPOSED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ESTIMATED 2022	ADOPTED 2023
BEGINNING FUND BALANCES	\$ 3,952	\$ 3,778	\$ 3,400
REVENUES			
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Net investment income	-	-	-
Total Revenues	-	-	-
OTHER FINANCING SOURCES			
Developer advances	9,500	23,400	60,000
Fund transfers in	-	-	-
Total Funds Available	13,452	27,178	63,400
EXPENDITURES			
Accounting and management fees	6,000	6,000	6,000
Legal fees	-	15,100	2,000
Insurance	2,269	2,100	2,300
Administrative costs	1,405	500	500
Director fees	-	-	-
Contingency	-	78	50,000
Total Expenditures	9,674	23,778	60,800
TRANSFERS OUT			
	-	-	-
Total expenditures and transfers out requiring appropriation	9,674	23,778	60,800
ENDING FUND BALANCES	\$ 3,778	\$ 3,400	\$ 2,600
EMERGENCY RESERVE	\$ 400	\$ 1,900	\$ 1,900

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 2023 BUDGET AS PROPOSED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ESTIMATED 2022	ADOPTED 2023
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 2023 BUDGET AS PROPOSED
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2021	ESTIMATED 2022	ADOPTED 2023
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
2023 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
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

For the collection year 2023, 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 2023 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 2023.

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 2023 as defined under TABOR.

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WATERSTONE METROPOLITAN DISTRICT NO. 2
2023 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 6-year period ended December 31, 2023, 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 (Actual)	\$ 107,385	\$ 9,500	\$ -	\$ 116,885
2022 (Projected)	\$ 116,885	\$ 23,400	\$ -	\$ 140,285
2023 (Projected)	\$ 140,285	\$ 60,000	\$ -	\$ 200,285

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 (Actual)	\$ 51,883	\$ 7,850	\$ -	\$ 59,733
2022 (Projected)	\$ 59,733	\$ 9,001	\$ -	\$ 68,734
2023 (Projected)	\$ 68,734	\$ 11,920	\$ -	\$ 80,654

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.