

THE COMMONS AT EAST CREEK METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Michele Trujillo	Treasurer	2022/May 2022
Matthew Larsen	Assistant Secretary	2023/May 2023
Gary Fantasky	Assistant Secretary	2023/May 2023
VACANT		2022/May 2022
VACANT		2022/May 2022
Peggy Ripko	Secretary	

DATE: **June 28, 2021**

TIME: **1:00 P.M.**

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, THE LINK IS BELOW. If you experience technical difficulties, email Peggy Ripko at pripko@sdmsi.com. Please email Peggy Ripko if there are any issues (pripko@sdmsi.com).

Join Zoom Meeting

<https://us02web.zoom.us/j/81627662668?pwd=aW4ySWFYMDc0Z2tvVEoxdDB2NzZyUT09>

Meeting ID: 816 2766 2668

Passcode: 364407

Dial In: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

A. Confirm Quorum and Present Conflict Disclosures.

B. Approve Agenda, confirm location of the meeting, posting of meeting notices and designate 24-hour posting location.

C. Acknowledge the resignation of Glenn Nier effective November 20, 2020 (enclosure).

- D. Discuss vacancies on the Board and consider the appointment of District eligible electors Lisa Albers and Paul Yourick to the Board of Directors. (Notice of Vacancy was published April 22, 2021). Administer Oaths of Office.
-

- E. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

II. PUBLIC COMMENTS

- A. _____

III. *CONSENT AGENDA - These items listed below are a group of items to be acted on with a single motion and vote by the Board. An item may be removed from the consent agenda to the regular agenda by any Board member. Items on the consent agenda are then voted on by a single motion, second, and vote by the Board. **Enclosures included in electronic packets only; hard copies available upon request.**

- Review and approve Minutes of the October 26, 2020 special meeting (enclosure).
 - Ratify appointment of District Account to prepare the 2022 Budget.
 - Ratify use of Bill.Com for payment of invoices.
-

IV. FINANCIAL MATTERS

- A. Ratify approval of the claims from November 1, 2020 through June 30, 2021 in the amount of \$21,746.17 (enclosure).
-
- B. Review and accept unaudited financial statements for the period March 31, 2021 and schedule of cash position ending March 31, 2021 (enclosure).
-
- C. Ratify engagement of Wipfli LLP to perform the 2020 audit.
-

- D. Review and consider approval of 2020 Audit (enclosure – draft Audit) and authorize execution of Representations Letter.
-

V. LEGAL MATTERS

- A. Review and consider approval of First Amendment to Resolution No. 2020-02-08; Resolution Regarding Colorado Open Records Act Requests (enclosure).
-

- B. Discuss deed from Meritage Homes of Colorado, Inc. to the District conveying certain Tracts in Commons at East Creek at Tower Landing Subdivision Filing No. 1 and acceptance of same.
-

- C. Discuss Bill of Sale from Meritage Homes of Colorado, Inc. to the District for conveyance of certain public improvements and acceptance of same.
-

VI. COMMUNITY MANAGEMENT

- A. _____

VII. CONSTRUCTION MATTERS

- A. Discuss status of 2021 development / construction outlook.
-

VIII. OTHER BUSINESS

- A. _____

- IX. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 25, 2021 (BUDGET HEARING).**

November 20, 2020


Board of Directors
The Commons at East Creek Metropolitan District
Special District Management Services, Inc.
141 Union Blvd. #150
Lakewood, CO 80228

Re: Director Resignation

Dear Board:

By this letter I hereby tender my resignation from the Board of Directors of The Commons at East Creek Metropolitan District, effective November 20, 2020.

Sincerely,



Glenn Nier

cc: McGeady Becher P.C.

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE COMMONS AT EAST CREEK METROPOLITAN DISTRICT (THE “DISTRICT”) HELD OCTOBER 26, 2020

A special meeting of the Board of Directors of The Commons a East Creek Metropolitan District (the “District”) was convened on Monday, the 26th day of October, 2020 at 1:00 p.m. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this District Board Meeting was held by conference call. The meeting was open to the public via conference call.

Directors In Attendance Were:

Glenn Nier
Michelle Trujillo
Gary Fantasky
Matthew Larsen

Also In Attendance Were:

Peggy Ripko and Matt Cohrs; Special District Management Services, Inc. (“SDMS”)

Paula Williams, Esq.; McGeady Becher P.C.

Diane Wheeler; Simmons & Wheeler, P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Williams requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Williams noted for the record that there were no new disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board Members prior to this meeting and in accordance with the statutes.

ADMINISTRATIVE MATTERS

Agenda: Ms. Ripko distributed for the Board’s review and approval a proposed Agenda for the District’s special meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Larsen, seconded by Director Nier and, upon vote, unanimously carried, the Board approved the Agenda, as amended.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Larsen, seconded by Director Nier and, upon vote, unanimously carried, the Board determined that due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this District Board meeting was held by conference call without any individuals (neither District Representative nor the general public) attending in-person. The Board further noted that notice of this location was duly posted within the boundaries of the District and the District has not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

Resolution No. 2020-10-01; Establishing 2021 Regular Meeting Dates, Time and Location and Designating Location for Posting of 24-Hour Notices: The Board discussed Resolution No. 2020-10-01; Establishing 2021 Regular Meeting Dates, Time and Location and Designating Location for Posting of 24-Hour Notices.

Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-10-01; Establishing 2020 Regular Meeting Dates, Time and Location and Designating Location for Posting of 24-Hour Notices. The Board scheduled regular meetings for the last Monday of June and October, 2021 at 2:00 p.m. at the offices of Meritage Homes of Colorado, 8400 East Crescent Parkway, Suite 200, Greenwood Village, Colorado.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2021: The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2021 and directed the Transparency Notice be posted on the SDA Website.

PUBLIC COMMENT There were no public comments.

CONSENT AGENDA **Consent Agenda:** The Board considered the following actions:

RECORD OF PROCEEDINGS

- Consider approval of Minutes of the October 12, 2020 special meeting.
- Ratify approval of payment of claims for the period ending October 21, 2020.

Following review, upon motion duly made by Director Neir, seconded by Director Larsen and, upon vote, unanimously carried, the Board approved and/or ratified approval of, as appropriate, the above actions.

FINANCIAL MATTERS

2020 Application for Exemption from Audit: The Board discussed the requirements for an audit. It was determined that the district will need to complete an audit for 2020.

Following discussion, upon motion duly made by Director Larsen, seconded by Director Neir and, upon vote, unanimously carried, the Board authorized the District Accountant to obtain proposals for the 2020 audit.

2020 Budget Amendment Hearing: The President opened the public hearing to consider a Resolution to Amend the 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2020 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Following discussion, the Board determined that a 2020 Budget Amendment was not needed.

2021 Budget Hearing: The President opened the public hearing to consider the proposed 2021 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2021 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

No public comments were received and the public hearing was closed.

Ms. Wheeler reviewed the estimated 2020 expenditures and the proposed 2021 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2020-10-02; to Adopt 2020 Budget and Appropriate Sums of Money and Resolution No.

RECORD OF PROCEEDINGS

2020-10-03; to Set Mill Levies (for the General Fund at 30.00 mills and the Debt Service Fund at 55.664 mills, ARI for 1.113 mills for a total mill levy of 86.777 mills). Upon motion duly made by Director Nier, seconded by Director Larsen and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2020. Ms. Ripko was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Arapahoe, not later than December 15, 2020. Ms. Ripko was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2021. Copies of the adopted Resolutions are attached to these Minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Nier seconded by Director Larsen and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3: The Board reviewed Resolution No. 2020-10-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director Nier, seconded by Director Larsen and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-10-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

Preparation of the 2022 Budget: The Board discussed preparation of the 2022 Budget.

Following discussion, upon motion duly made by Director Nier, seconded by Director Larsen, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2022 Budget and directed that the 2022 Budget be the same as the 2021 adopted Budget unless a Board Member provides input to otherwise adjust those assumptions.

RECORD OF PROCEEDINGS

LEGAL MATTERS

Resolution No. 2020-10-05; Regarding Continuing Disclosure Policies and Procedures: The Board discussed Resolution No. 2020-10-05; Regarding Continuing Disclosure Policies and Procedures.

Following discussion, upon motion duly made by Director Nier, seconded by Director Larsen and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-10-05; Regarding Continuing Disclosure Policies and Procedures.

First Amendment to Operation Funding Agreement with Meritage Homes of Colorado, Inc. (“OFA”): Attorney Williams discussed with the Board the First Amendment to the OFA.

Following discussion, upon motion duly made by Director Nier, seconded by Director Larsen and, upon vote, unanimously carried, the Board approved the First Amendment to the OFA., subject to the final shortfall determined by the updated budget.

COMMUNITY MANAGEMENT

Nothing to report.

CONSTRUCTION MATTERS

2020 Development / Construction Outlook: Director Nier gave an update. It was noted that the landscape is complete, and it is anticipated all homes will be sold by mid-2021.

OTHER BUSINESS

There was no other business at this time.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Nier, seconded by Director Larsen, and upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

Active?	Vendor Name	Vendor Id	Invoice #	Approval S	Invoice Date	Due Date	GL Posting Date	Amount	Description
Active	Independent District Engineering Se	4	27402	Approved	10/31/2020	10/31/2020	3/31/2021	947.5	Cost Certification
Active	McGeady Becher, P.C>	3	1/31/2021	Approved	1/31/2021	1/31/2021	3/31/2021	258.08	Jan Legal
Active	McGeady Becher, P.C>	3	2/28/2021	Approved	2/28/2021	2/28/2021	3/31/2021	614.74	Feb Legal
Active	McGeady Becher, P.C>	3	3/31/2021	Approved	3/31/2021	3/31/2021	3/31/2021	885	March 2021 Legal
Active	McGeady Becher, P.C>	3	4/30/2021	Approving	4/30/2021	4/30/2021	6/30/2021	1296.92	April Legal
Active	McGeady Becher, P.C>	3	10/31/2020	Approved	10/31/2020	10/31/2020	12/31/2020	985.36	Oct 2020 Legal
Active	McGeady Becher, P.C>	3	11/30/2020	Approved	11/30/2020	11/30/2020	12/31/2020	200.78	Nov 2020 Legal
Active	McGeady Becher, P.C>	3	12/31/2020	Approved	12/31/2020	12/31/2020	12/31/2020	86.33	Dec 2020 Legal
Active	Simmons & Wheeler , P.C.	2	28024	Approved	12/31/2020	12/31/2020	12/31/2020	836	Dec 2020 Accounting
Active	Simmons & Wheeler , P.C.	2	30104	Approved	2/28/2021	3/13/2021	3/31/2021	2650.75	Feb Accounting
Active	Simmons & Wheeler , P.C.	2	30329	Approved	3/31/2021	3/31/2021	3/31/2021	257.5	March Accounting
Active	Simmons & Wheeler , P.C.	2	30599	Approving	4/30/2021	4/30/2021	6/30/2021	1511.25	April Accounting
Active	Special District Association	5	2/26/2021	Approved	2/26/2021	2/26/2021	3/31/2021	374.58	2021 SDA Dues
Active	Special District Association	5	9229	Approved	10/14/2020	1/1/2021	1/31/2021	495	2021 SDA Dues
Active	Special District Management	1	1/31/2021	Approved	1/31/2021	1/31/2021	3/31/2021	827.5	Jan District Management
Active	Special District Management	1	2/28/2021	Approved	2/28/2021	2/28/2021	3/31/2021	814.52	Feb District Management
Active	Special District Management	1	9/30/2020	Approved	9/30/2020	9/30/2020	12/31/2020	89	09 2020 District Management
Active	Special District Management	1	10/31/2020	Approved	10/31/2020	10/31/2020	12/31/2020	2565.94	10 2020 District Management
Active	Special District Management	1	11/30/2020	Approved	11/30/2020	11/30/2020	12/31/2020	520.5	11 2020 District Management
Active	Special District Management	1	12/31/2020	Approved	12/31/2020	12/31/2020	12/31/2020	423.7	12 2020 District Management
Active	Special District Management	1	4/30/2021	Approving	4/30/2021	4/30/2021	6/30/2021	884.58	04 21 District Management
Active	Special District Management	1	5 2021	Approving	5/31/2021	5/31/2021	5/31/2021	1324.43	05 21 District Management
Active	Special District Management	1	84635	Approved	3/31/2021	3/31/2021	3/31/2021	1754.24	03 21 District Management
Active	T Charles Wilson	7	9229	Approved	10/14/2020	10/14/2020	4/30/2021	495	2021 Agency Fee
Active	Waste Management	6	6863166-2514-0	Approved	2/1/2021	3/3/2021	3/31/2021	204.16	Feb trash services
Active	Waste Management	6	6903927-2514-7	Approved	3/1/2021	3/31/2021	3/31/2021	188.98	March trash services
Active	Waste Management	6	6948772-2514-4	Approved	4/1/2021	5/1/2021	4/30/2021	253.83	April trash services

Total 21,746.17

The Commons at East Creek Metropolitan District
Financial Statements

March 31, 2021

ACCOUNTANT'S COMPILATION REPORT

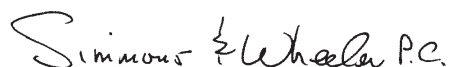
Board of Directors

The Commons at East Creek Metropolitan District

Management is responsible for the accompanying financial statements of each major fund of The Commons at East Creek Metropolitan District, as of and for the period ended March 31, 2021 which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the 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 financial statements 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 these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to The Commons at East Creek Metropolitan District because we performed certain accounting services that impaired our independence.

Handwritten signature of Simmons & Wheeler P.C.

April 30, 2021
Englewood, Colorado

The Commons at East Creek Metropolitan District
Balance Sheet - Governmental Funds and Account Groups
March 31, 2021

See Accountant's Compilation Report

	General Fund	Capital Projects Fund	Debt Service Fund	Account Groups	Total All Funds
Assets					
Current assets					
Cash in checking	\$ 990	\$ -	\$ -	\$ -	\$ 990
Cash in Colotrust	10,499	-	5,107	-	15,606
Cash in UMB	-	20,218	211,966	-	232,184
Taxes Receivable	4,666	-	8,658	-	13,324
Taxes Receivable - ARI	173	-	-	-	173
	<u>16,328</u>	<u>20,218</u>	<u>225,731</u>	<u>-</u>	<u>262,277</u>
Other assets					
Improvements	-	-	-	1,817,399	1,817,399
Amount available in debt service fund	-	-	-	225,731	225,731
Amount to be provided for retirement of debt	-	-	-	2,020,464	2,020,464
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,063,594</u>	<u>4,063,594</u>
	<u>\$ 16,328</u>	<u>\$ 20,218</u>	<u>\$ 225,731</u>	<u>\$ 4,063,594</u>	<u>\$ 4,325,871</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	\$ 15,584	\$ -	\$ -	\$ -	\$ 15,584
	<u>15,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,584</u>
Bonds Payable	-	-	-	1,495,000	1,495,000
Note Payable - Developer	-	-	-	736,843	736,843
Note Payable - Developer interest	-	-	-	14,352	14,352
Total liabilities	<u>15,584</u>	<u>-</u>	<u>-</u>	<u>2,246,195</u>	<u>2,261,779</u>
Fund Equity					
Investment in improvements	-	-	-	1,817,399	1,817,399
Fund balance (deficit)	<u>744</u>	<u>20,218</u>	<u>225,731</u>	<u>-</u>	<u>246,693</u>
	<u>744</u>	<u>20,218</u>	<u>225,731</u>	<u>1,817,399</u>	<u>2,064,092</u>
	<u>\$ 16,328</u>	<u>\$ 20,218</u>	<u>\$ 225,731</u>	<u>\$ 4,063,594</u>	<u>\$ 4,325,871</u>

The Commons at East Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Three Months Ended March 31, 2021
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 18,879	\$ 4,896	\$ (13,983)
Specific ownership taxes	1,511	334	(1,177)
Property taxes - ARI	700	182	(518)
Specific ownership taxes - ARI	56	12	(44)
Transfer fees	13,200	2,400	(10,800)
District fees	58,320	7,697	(50,623)
Developer advance	36,891	-	(36,891)
	<u>129,557</u>	<u>15,521</u>	<u>(114,036)</u>
Expenditures			
Accounting	9,500	626	8,874
Management	15,000	3,396	11,604
Insurance/SDA Dues	5,000	2,259	2,741
Legal	15,000	1,758	13,242
Miscellaneous	1,000	403	597
Other O&M expenses	74,390	-	74,390
ARI mill levy	745	-	745
Treasurer's Fees	283	73	210
Treasurer's Fees - ARI	11	3	8
Contingency	5,000	-	5,000
Emergency Reserve	3,628	-	3,628
	<u>129,557</u>	<u>8,518</u>	<u>121,039</u>
Excess (deficiency) of revenues over expenditures	-	7,003	7,003
Fund balance - beginning	<u>-</u>	<u>(6,259)</u>	<u>(6,259)</u>
Fund balance - ending	\$ <u>-</u>	\$ <u>744</u>	\$ <u>744</u>

The Commons at East Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Three Months Ended March 31, 2021
Capital Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ -	\$ 6	\$ 6
	<u>-</u>	<u>6</u>	<u>6</u>
Expenditures			
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	6	6
Fund balance - beginning	<u>-</u>	<u>20,212</u>	<u>20,212</u>
Fund balance - ending	\$ <u><u>-</u></u>	\$ <u><u>20,218</u></u>	\$ <u><u>20,218</u></u>

The Commons at East Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Three Months Ended March 31, 2021
Debt Service Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 35,029	\$ 9,085	\$ (25,944)
Specific ownership taxes	2,803	619	(2,184)
Interest income	<u>3,500</u>	<u>33</u>	<u>(3,467)</u>
	<u>41,332</u>	<u>9,737</u>	<u>(31,595)</u>
Expenditures			
Bond interest expense	74,750	-	74,750
Treasurer's Fees	525	136	389
Trustee/Paying Agent Fees	<u>4,000</u>	<u>-</u>	<u>4,000</u>
	<u>79,275</u>	<u>136</u>	<u>79,139</u>
Excess (deficiency) of revenues over expenditures	(37,943)	9,601	47,544
Fund balance - beginning	<u>206,891</u>	<u>216,130</u>	<u>9,239</u>
Fund balance - ending	\$ <u><u>168,948</u></u>	\$ <u><u>225,731</u></u>	\$ <u><u>56,783</u></u>

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The Commons at East Creek Metropolitan District

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

Draft 5.21.21

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Draft 5.21.21

The Commons at East Creek Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash - restricted	\$ -	\$ 75,212	\$ 211,932	\$ 287,144	\$ -	\$ 287,144
Property taxes receivable	18,879	-	35,029	53,908	-	53,908
Accounts receivable - other	-	4,198	-	4,198	-	4,198
Developer receivable	6,259	-	-	6,259	(6,259)	-
Capital assets, net of depreciation	-	-	-	-	1,817,399	1,817,399
Total Assets	<u>\$ 25,138</u>	<u>\$ 79,410</u>	<u>\$ 246,961</u>	<u>\$ 351,509</u>	<u>1,811,140</u>	<u>2,162,649</u>
LIABILITIES						
Accounts payable	\$ 6,259	\$ 55,000	\$ -	\$ 61,259	-	61,259
Accrued interest on bonds	-	-	-	-	6,229	6,229
Long-term liabilities						
Due in more than one year	-	-	-	-	2,246,195	2,246,195
Total Liabilities	<u>6,259</u>	<u>55,000</u>	<u>-</u>	<u>61,259</u>	<u>2,252,424</u>	<u>2,313,683</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>18,879</u>	<u>-</u>	<u>35,029</u>	<u>53,908</u>	<u>-</u>	<u>53,908</u>
Total Deferred Inflows of Resources	<u>18,879</u>	<u>-</u>	<u>35,029</u>	<u>53,908</u>	<u>-</u>	<u>53,908</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted						
Emergencies	3,628	-	-	3,628	(3,628)	-
Capital projects	-	24,410	-	24,410	(24,410)	-
Debt Service	-	-	211,932	211,932	(211,932)	-
Unassigned	<u>(3,628)</u>	<u>-</u>	<u>-</u>	<u>(3,628)</u>	<u>3,628</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>24,410</u>	<u>211,932</u>	<u>236,342</u>	<u>(236,342)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,138</u>	<u>\$ 79,410</u>	<u>\$ 246,961</u>	<u>\$ 351,509</u>		
Net Position:						
Restricted for:						
Emergencies					3,628	3,628
Debt service					205,703	205,703
Capital projects					24,410	24,410
Unrestricted					(438,683)	(438,683)
Total Net Position					<u>\$ (204,942)</u>	<u>\$ (204,942)</u>

The notes to the financial statements are an integral part of these statements.

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The Commons at East Creek Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Accounting & audit	\$ 836	\$ -	\$ -	\$ 836	\$ -	\$ 836
Management	4,150	-	-	4,150	-	4,150
Legal	1,273	-	-	1,273	-	1,273
Bond interest expense	-	-	6,852	6,852	6,229	13,081
Bond issuance costs	-	166,107	-	166,107	-	166,107
Developer advance principal	-	1,080,556	-	1,080,556	(1,080,556)	-
Developer advance interest	-	5,205	-	5,205	14,352	19,557
Capital improvements	-	1,817,399	-	1,817,399	(1,817,399)	-
Total Expenditures	<u>6,259</u>	<u>3,069,267</u>	<u>6,852</u>	<u>3,082,378</u>	<u>(2,877,374)</u>	<u>205,004</u>
GENERAL REVENUES						
Interest and other income	-	17	45	62	-	62
Total General Revenues	<u>-</u>	<u>17</u>	<u>45</u>	<u>62</u>	<u>-</u>	<u>62</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,259)	(3,069,250)	(6,807)	(3,082,316)	2,877,374	(204,942)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	1,495,000	-	1,495,000	(1,495,000)	-
Developer advance	6,259	1,817,399	-	1,823,658	(1,823,658)	-
Transfer from/(to) other funds	-	(218,739)	218,739	-	-	-
Total Other Financing Sources (Uses)	<u>6,259</u>	<u>3,093,660</u>	<u>218,739</u>	<u>3,318,658</u>	<u>(3,318,658)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	24,410	211,932	236,342	(236,342)	
CHANGE IN NET POSITION					(204,942)	(204,942)
FUND BALANCE/NET ASSETS						
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 24,410</u>	<u>\$ 211,932</u>	<u>\$ 236,342</u>	<u>\$ (441,284)</u>	<u>\$ (204,942)</u>

The notes to the financial statements are an integral part of these statements.

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The Commons at East Creek Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest and other income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Accounting & audit	9,000	836	8,164
Management	15,000	4,150	10,850
Election expense	1,000	-	1,000
Insurance	3,500	-	3,500
Legal	15,000	1,273	13,727
Miscellaneous expenses	3,000	-	3,000
Contingency	2,000	-	2,000
Emergency Reserve	1,500	-	1,500
Total Expenditures	50,000	6,259	43,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,000)	(6,259)	43,741
OTHER FINANCING SOURCES (USES)			
Developer advance	50,000	6,259	(43,741)
Total Other Financing Sources (Uses)	50,000	6,259	(43,741)
NET CHANGES IN FUND BALANCES	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of these statements.

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of The Commons at East Creek Metropolitan District (the “District”), located in the City of Aurora (“City”) in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on February 3, 2020, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act to manage the financing, construction, and operation and maintenance of the facilities located within the District and derives its revenue principally from bond proceeds.

The District and City ~~have~~ entered into an Intergovernmental Agreement as required by the Aurora City Code and the District’s Service Plan. Under this agreement, the District must obtain the approval of the Aurora City Council prior to: (i) any inclusion of property in or exclusion of property from the boundaries of the District, (ii) any refunding of bonds of the District which could shorten or extend the maturity of such bonds or increase the total debt service thereon (subject to certain exception), or (iii) any consolidation with any other special districts.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

Notes to Financial Statements December 31, 2020

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

During the year, the District amended its budget in the Capital Projects Fund from \$0 to \$3,817,399 due to issuance of bonds (see note 4) and in the Debt Service Fund from \$0 to \$11,644 due to the payment of bond related fees.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

Notes to Financial Statements December 31, 2020

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items to report under this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2020.

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$3,628 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$211,932 is restricted for the payment of the debt service costs associated with the General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2020A (see Note 4).

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

The restricted fund balance in the Capital Projects Fund in the amount of \$24,410 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, and all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. The District has no amount to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash - Restricted	\$ <u>287,144</u>
Total	\$ <u>287,144</u>

Cash and investments as of December 31, 2019 consist of the following:

Investments – COLOTRUST	\$ <u>287,144</u>
Total	\$ <u>287,144</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investing pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2020, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$287,144 invested in COLOTRUST.

Note 3: Capital Assets

An analysis for the changes in capital assets for the year ended December 31, 2020, follows:

Governmental Type Activities:	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets not being depreciated:				
Construction in progress	\$ -	\$1,817,399	\$ -	\$ 1,817,399
Total capital assets not being depreciated:	-	1,817,399	-	1,817,399
Government type assets, net	\$ -	\$1,817,399	\$ -	\$ 1,817,399

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2020A₍₃₎

On October 28, 2020, the District issued \$1,495,000 as General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2020A₍₃₎ ("Bonds") for the purposes of (a) financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure; (b) funding the Reserve Fund to the Required Reserve; (c) funding a portion of the interest to accrued on the Bonds; and (d) funding the costs of issuing the Bonds. Interest on the Bonds accrues at 5.00% and payments are payable semiannually on each June 1 and December 1, commencing December 1, 2020 through maturity on December 1, 2050. The Bonds are subject to mandatory sinking fund redemption prior to the maturity date, in part, upon payment of par and accrued interest, without redemption premium, beginning December 1, 2028. The Bonds will convert to unlimited tax exempt bonds on the Conversion Date as defined the in the limited offering memorandum.

The Bonds are secured by and payable solely from moneys derived from: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The Bonds will also be secured by amounts on deposit in the Reserve Fund and, prior to the Conversion Date, by moneys accumulated in the Surplus Fund, if any.

Optional redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 2026	3.00%
December 1, 2026, to November 30, 2027	2.00%
December 1, 2027, to November 30, 2028	1.00%
December 1, 2028, and thereafter	0.00%

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The Commons at East Creek Metropolitan District

Notes to Financial Statements December 31, 2020

The following is a summary of the annual long-term debt principal and interest requirements for the Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 74,750	\$ 74,750
2022	-	74,750	74,750
2023	-	74,750	74,750
2024	-	74,750	74,750
2025	-	74,750	74,750
2026-2030	30,000	372,750	402,750
2031-2035	110,000	357,000	467,000
2036-2040	230,000	318,750	548,750
2041-2045	380,000	247,000	627,000
2046-2050	745,000	130,250	875,250
	<u>\$ 1,495,000</u>	<u>\$ 1,799,500</u>	<u>\$ 3,294,500</u>

The following is an analysis of changes in long-term debt for the period ending December 31, 2020:

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>	<u>Current Portion</u>
General Obligation Bonds					
Series 2020A ₍₃₎ Bonds	\$ -	\$ 1,495,000	\$ -	\$ 1,495,000	\$ -
Total General Obligation Bonds	-	1,495,000	-	1,495,000	-
Other - Developer Advances					
Developer Advance					
Principal - Capital	-	1,817,399	1,080,556	736,843	-
Developer Advance					
Interest - Capital	-	19,557	5,205	14,352	-
Total Other - Developer Advances	-	1,836,956	1,085,761	751,195	-
Total	<u>\$ -</u>	<u>\$ 3,331,956</u>	<u>\$ 1,085,761</u>	<u>\$ 2,246,195</u>	<u>\$ -</u>

Debt Authorization

As of December 31, 2020, the District has \$128,505,000 remaining voted debt authorized and unissued. The District has not budgeted to issue any new debt during 2021.

Notes to Financial Statements
December 31, 2020

Note 5: Related Party

Some members of the Board of Directors are owners, officers, employees, or otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board (See Note 8).

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Notes to Financial Statements
December 31, 2020

Note 8: Other Agreements

Operation Funding Agreement

Effective February 3, 2020, the District entered into an Operation Funding Agreement with Meritage Home of Colorado Inc. (“Developer”) for the purpose of paying the operating expenses of the District until December 31, 2020 and may be renewed for successive one year periods by the Developer and the District. The District agreed to reimburse such advances, together with interest thereon at a rate equal to 8%, subject to annual appropriation and budget approval, from legally available funds within any fiscal year and not otherwise required for operations, capital improvement, and debt service costs and expenses of the District.

As of December 31, 2020, no amount has been received from, or is due to, the Developer under this agreement.

Facilities Funding and Acquisition Agreement

Effective February 3, 2020, the District entered into a Facilities Funding and Acquisition Agreement with the Developer providing the Developer may (a) construct Public Improvements within the District on behalf of the District, subject to future acquisition and reimbursement by the District, or (b) maybe provide advances up to the amount of the certified construction related expenses to the District so that the District is able to construct Public Improvements. The District agreed to reimburse such advances, together with 8% interest, to repay such costs. In the event that the District is unable to reimburse the Developer for any such advance of the Public Improvements by December 31, 2060, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full, unless terminated earlier by mutual written agreement of both parties.

As of December 31, 2020, the amount of principal and interest due to the Developer under this agreement is \$736,843 and 14,352, respectively.

Notes to Financial Statements
December 31, 2020

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) capital improvements used in governmental activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) governmental funds report developer advances and/or bond proceeds as revenue; and
- 3) governmental funds report long-term debt payments as expenditures, however, in the Statement of Activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

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SUPPLEMENTAL INFORMATION

Draft 5.21.21

The Commons at East Creek Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest and other income	-	\$ -	\$ 17	\$ (17)
Total Revenues	-	-	17	(17)
EXPENDITURES				
Capital improvements	-	1,817,399	1,817,399	-
Developer advance principal	-	1,501,465	1,080,556	420,909
Developer advance interest	-	-	5,205	(5,205)
Bond issuance costs	-	280,000	166,107	113,893
Total Expenditures	-	3,598,864	3,069,267	529,597
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,598,864)	(3,069,250)	(529,614)
OTHER FINANCING SOURCES (USES)				
Developer advance	-	1,817,399	1,817,399	-
Bond proceeds	-	2,000,000	1,495,000	505,000
Transfer (to) other funds	-	(218,535)	(218,739)	204
Total Other Financing Sources (Uses)	-	3,598,864	3,093,660	505,204
NET CHANGES IN FUND BALANCES	-	-	24,410	(24,410)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 24,410	\$ (24,410)

The notes to the financial statements are an integral part of these statements.

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The Commons at East Creek Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest and other income	\$ -	\$ -	\$ 45	\$ 45
Total Revenues	-	-	45	45
EXPENDITURES				
Bond interest expense	-	6,644	6,852	(208)
Trustee fees	-	5,000	-	5,000
Total Expenditures	-	11,644	6,852	4,792
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(11,644)	(6,807)	4,837
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	218,535	218,739	204
Total Other Financing Sources (Uses)	-	218,535	218,739	204
CHANGE IN FUND BALANCE	-	206,891	211,932	5,041
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 206,891	\$ 211,932	\$ 5,041

The notes to the financial statements are an integral part of these statements.

Draft 5.21.21

The Commons at East Creek Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2020

(Unaudited)

		Prior Year Assessed Valuation for Current							Percent Collected to Levied
Year Ended 31,	Year Property Tax Levy	General Fund	Mills Levied Debt Service	Contract	Total Property Tax Levied Collected				
2020	\$ -	0.000	0.000	0.000	\$ -	\$ -	0.00%		
Estimated for year ending December 31, 2021									
	629,295	30.000	55.664	1.113	54,608				

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

**FIRST AMENDMENT TO RESOLUTION NO. 2020-02-08
THE COMMONS AT EAST CREEK METROPOLITAN DISTRICT
REGARDING COLORADO OPEN RECORDS ACT REQUESTS**

A. On February 10, 2020, The Commons at East Creek Metropolitan District (the “**District**”) adopted Resolution No. 2020-02-08 Regarding Colorado Open Records Act Requests (the “**Resolution**”).

B. The District desires to amend the Resolution due to a change in the District’s Official Custodian.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Commons at East Creek Metropolitan District, Arapahoe County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendment to Section 1 of Resolution. Section 1 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“1. Special District Management Service, Inc., the Manager for the District, is hereby designated as the “**Official Custodian**” of the public records of the District, as such term is defined in Section 24-72-202(2), C.R.S. Contact information for the Official Custodian is: Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228; (303) 987-0835.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO FIRST AMENDMENT TO RESOLUTION REGARDING
COLORADO OPEN RECORDS ACT REQUESTS]**

RESOLUTION APPROVED AND ADOPTED ON June 28, 2021.

**THE COMMONS AT EAST CREEK
METROPOLITAN DISTRICT**

By: _____
President

Attest:

Secretary