# EAST CREEK METROPOLITAN DISTRICT NO. 1

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

https://eastcreekmd1.colorado.gov

#### NOTICE OF A REGULAR MEETING AND AGENDA

Board of Dire	ctors:	Office:		Term/Expiration:
Greg Wright		President		2025/May 2025
Martin Corley	1	Treasurer		2025/May 2025
Cameron Nels	son	Assistant Secretary		2027/May 2027
VACANT				2025/May 2025
VACANT				2027/May 2025
Peggy Ripko		Secretary		
DATE:	June 26, 2023			
TIME:	5:00 P.M.			
PLACE:	VIA ZOOM If you	experience technical	difficulties,	email Peggy Ripko

PLACE: VIA ZOOM If you experience technical difficulties, email Peggy Ripko at pripko@sdmsi.com.

Join Zoom Meeting: https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUIZZc1VMWTJFZjFHdz09 Meeting ID: 862 6755 0643 Passcode: 987572 Call In Number: 1-719-359-4580

## I. ADMINISTRATIVE MATTERS

- A. Confirm Quorum and Present Conflict Disclosures.
- B. Approve Agenda, confirm location of the meeting, posting of meeting notice and designate 24-hour posting location.
- C. Review and approve Minutes of the April 11, 2023 special meeting. (enclosure).
- D. Discuss results of cancelled May 2, 2023 Regular Election for Directors (enclosure).

East Creek Metropolitan District No. 1 June 26, 2023 Agenda Page 2

E. Consider appointment of Officers:

President
Treasurer
Secretary
Asst. Secretary
Asst. Secretary
-

- II. PUBLIC COMMENTS (Items Not on the Agenda. As a courtesy to others, public comments limited to three minutes per person. Please state and spell your name before speaking and wait for confirmation before proceeding in order to facilitate notes).
  - A. \_\_\_\_\_

#### III. FINANCIAL MATTERS

A. Review and ratify the approval of the payment of claims as follows (enclosures):

	P	eriod Ending	Period Ending		
Fund	A	pril 30, 2023	Μ	ay 31, 2023	
General	\$	12,320.54	\$	16,888.18	
Debt Service	\$	-0-	\$	-0-	
Capital Projects	\$	-0-	\$	-0-	
Total Claims	\$	12,320.54	\$	16,888.18	

- B. Review and accept unaudited financial statements for the period ending March 31, 2023 and the cash position statement for the period ending March 31, 2023 (enclosure).
- C. Conduct Public Hearing to Amend 2022 Budget and consider adoption of Resolution to Amend the 2022 Budget and Appropriate Expenditures, if necessary (enclosure).
- D. Review and consider approval of the 2022 Audit and authorize execution of Representations Letter (enclosures).

East Creek Metropolitan District No. 1 June 26, 2023 Agenda Page 3

#### IV. LEGAL MATTERS

- A. Discuss potential Consolidation of East Creek Metropolitan District Nos. 1 and 2, consider adoption of Resolution Initiating Consolidation with East Creek Metropolitan District No. 2 and authorize necessary actions associated therewith (to be distributed).
- B. Discuss Senate Bill 23-108: Allowing Temporary Reductions in Property Taxes Due and potential impact on 2024 Budget process and strategy.
- C. Discuss other legislative changes that may impact the District / Annual Meeting requirement.

## V. OPERATIONS AND MAINTENENACE / COVENANT ENFORCEMENT

- A. Discuss parking enforcement.
- B. Discuss covenant enforcement / community manager report.
- C. Review and consider approval of Proposal from CDI regarding Forebay Cleaning and review site photos (enclosures).

#### VI. OTHER BUSINESS

A. \_\_\_\_\_

## VII. ADJOURNMENT <u>THE NEXT REGULAR MEETING IS SCHEDULED FOR</u> <u>OCTOBER 23, 2023.</u>

## MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE EAST CREEK METROPOLITAN DISTRICT NO. 1 HELD APRIL 11, 2023

A special meeting of the Board of Directors of the East Creek Metropolitan District No. 1 (the "**District**") was convened on Tuesday, April 11, 2023 at 2:30 p.m. This District Board Meeting was held via Zoom video/telephone conference. There was at least one person present at the physical meeting location at the Aurora Public Library, 14949 E. Alameda Parkway, Aurora, Colorado. The meeting was open to the public via Zoom.

## **Directors In Attendance Were**:

Greg Wright Martin Corley Cameron Nelson

#### Also In Attendance Were:

Peggy Ripko; Special District Management Services, Inc.

Paula Williams, Esq. and Tim O'Conner, Esq.; McGeady Becher P.C.

Akio Ohtake-Gordon; Piper Sandler & Co.

Keenan Rice; MuniCap, Inc.

Tiffany Leichman; Sherman & Howard L.L.C.

# DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board noted a quorum was present and discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No disclosures were made, and it was noted that all Directors are residents of the District.

#### ADMINISTRATIVE MATTERS

<u>Agenda</u>: The Board reviewed the proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Wright, seconded by Director Nelson and, upon vote, unanimously carried, the Board approved the Agenda, as presented.

<u>Approval of Meeting Location</u>: 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, the Board noted this meeting was held by Zoom. There was at least one person present at the physical meeting location at the Aurora Public Library, 14949 E. Alameda Parkway, Aurora, Colorado. The Board further noted that notice of this meeting and the conference/video access was duly posted and it had not received any objections to the format of the meeting or any requests that the meeting format be changed by taxpaying electors within the District's boundaries.

Minutes: The Board reviewed the minutes of the March 9, 2023 special meeting.

Following discussion, upon motion duly made by Director Wright, seconded by Director Nelson and, upon vote, unanimously carried, the Board approved the minutes of the March 9, 2023 special meeting.

# PUBLIC COMMENT None.

#### <u>FINANCIAL</u> <u>MATTERS</u>

# **Payment of Claims**: The Board reviewed the payment of claims as follows:

	P	eriod Ending	Pe	Period Ending Period		riod Ending	Pe	riod Ending												
Fund	C	Oct. 31, 2022		Oct. 31, 2022		Oct. 31, 2022		Oct. 31, 2022		Oct. 31, 2022		Oct. 31, 2022		Oct. 31, 2022		Nov. 30, 2022		Dec. 31, 2022		n. 31, 2023
General	\$	40,460.60	\$	40,639.50	\$	32,872.45	\$	35,786.30												
Debt Service	\$	-0-	\$	-0-	\$	-0-	\$	-0-												
Capital Projects	\$	-0-	\$	-0-	\$	-0-	\$	-0-												
Total Claims	\$	40,460.60	\$	40,639.50	\$	32,872.45	\$	35,786.30												

Fund	eriod Ending eb. 28, 2023	eriod Ending arch 31, 2023
General	\$ 39,012.02	\$ 29,158.05
Debt Service	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-
<b>Total Claims</b>	\$ 39,012.02	\$ 29,158.05

Following discussion, upon motion duly made by Director Wright, seconded by Director Nelson and, upon vote, unanimously carried, the Board ratified approval of the payment of claims, as presented.

**Financial Statements and Schedule of Cash Position**: Ms. Ripko presented to the Board the unaudited financial statements and schedule of cash position dated December 31, 2022.

Following review and discussion, upon motion duly made by Director Wright, seconded by Director Nelson and, upon vote unanimously carried, the Board accepted the unaudited financial statements and schedule of cash position dated December 31, 2022.

**<u>2023 Budget Amendment Hearing</u>**: Director Wright opened the public hearing to consider an amendment to the 2023 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider amendment of the 2023 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 written objections were received prior to the public hearing, and the public hearing was closed.

Following review, upon motion duly made by Director Corley, seconded by Director Wright and, upon vote unanimously carried, the Board adopted Resolution to Further Amend 2023 Budget.

# **LEGAL MATTERS** Engagement Letter with Sherman & Howard L.L.C.: The Board reviewed the engagement letter with Sherman & Howard L.L.C.

Following discussion, upon motion duly made by Director Nelson, seconded by Director Corley and, upon vote, unanimously carried, the Board ratified approval of the engagement letter with Sherman & Howard L.L.C.

**Resolution authorizing the incurrence of a loan by the District with Zions Bancorporation, N.A. dba Vectra Bank Colorado, as lender, in the maximum principal amount of \$5,000,000, for the purpose of refunding the District's existing General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A, in the amount of \$4,010,000, and Subordinate General Obligation Limited Tax Bonds, Series 2019B, in the amount of \$584,000 (the "Authorizing Resolution")**: Attorney Leichman discussed with the Board the parameters of the Authorizing Resolution.

Following discussion, upon motion duly made by Director Nelson, seconded by Director Wright and, upon vote, unanimously carried, the Board adopted the Authorizing Resolution; approved a Loan Agreement, as evidenced by a Promissory Note; a Custodial Agreement; a Placement Agent Agreement; and any other such

documents, certificates and instruments in connection therewith; ratified acts previously taken concerning said loan; and repealed all resolutions in conflict therewith.

Service Agreement for Landscape Maintenance Services between the District and Consolidated Divisions, Inc.: The Board reviewed the Landscape Agreement with Consolidated Divisions, Inc.

Following discussion, upon motion duly made by Director Nelson, seconded by Director Corley and, upon vote, unanimously carried, the Board ratified approval of the Landscape Agreement with Consolidated Divisions, Inc.

**OPERATIONS AND**None.**MAINTENANCE**\_\_\_\_\_

**<u>OTHER BUSINESS</u>** There was no other business to come before the Board.

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

Respectfully submitted,

Ву\_\_\_

Secretary for the Meeting

#### **RESOLUTION OF DESIGNATED ELECTION OFFICIAL REGARDING CANCELLATION OF ELECTION AND DECLARATION DEEMING CANDIDATES ELECTED**

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 Arapahoe County, Colorado

A. The Designated Election Official of the East Creek Metropolitan District No. 1 ("**District**") has been duly authorized by the Board of Directors of the District to cancel the election and declare candidates elected at the close of business on the sixty-third ( $63^{rd}$ ) day before the election to be conducted on May 2, 2023, pursuant to that certain Resolution Calling Election attached hereto as **Exhibit A**.

B. On the sixty-third (63<sup>rd</sup>) day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates.

NOW, THEREFORE, be it resolved by the Designated Election Official of the District that:

1. The regular election to be conducted on May 2, 2023, is hereby cancelled pursuant to Section 1-13.5-513, C.R.S.

2. The following candidates are declared elected for the following terms of office:

<u>Name</u>

Cameron Nelson VACANT VACANT <u>Term</u> Second Regular Election, May 2027 Second Regular Election, May 2027 Next Regular Election, May 2025

DATED this  $\frac{1st}{2}$  day of March, 2023.

EAST CREEK METROPOLITAN DISTRICT NO. 1

By:

 $) \leq$ 

Peggy Ripko, Designated Election Official East Creek Metropolitan District No. 1 141 Union Boulevard, Suite 150 Lakewood, Colorado 80228 Phone: (303) 987-0835

# EXHIBIT A

Resolution Calling Election

#### **RESOLUTION NO. 2022-10-06**

# A RESOLUTION OF THE BOARD OF DIRECTORS OF EAST CREEK METROPOLITAN DISTRICT NO. 1 CALLING A REGULAR ELECTION FOR DIRECTORS MAY 2, 2023

A. The term of the office of Director Cameron Nelson shall expire upon the election of his successor at the regular election, to be held on May 2, 2023 ("**Election**"), and upon such successor taking office.

B. Two (2) vacancies currently exist on the Board of Directors of the District.

C. In accordance with the provisions of the Special District Act ("Act") and the Uniform Election Code ("Code"), the Election must be conducted to elect one (1) Director to serve until the next regular election, to occur May 6, 2025, and two (2) Directors to serve until the second regular election, to occur May 4, 2027.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the East Creek Metropolitan District No. 1 (the "**District**") of the County of Arapahoe, Colorado:

1. <u>Date and Time of Election</u>. The Election shall be held on May 2, 2023, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, one (1) Directors shall be elected to serve until the next regular election, to occur May 6, 2025, and two (2) Directors shall be elected to serve until the second regular election, to occur May 4, 2027.

2. <u>Precinct</u>. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. <u>Conduct of Election</u>. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. <u>Designated Election Official</u>. Peggy Ripko shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. <u>Call for Nominations</u>. The Designated Election Official shall provide Call for Nominations as required under Section 1-13.5-501, C.R.S., as applicable.

6. <u>Absentee Ballot Applications</u>. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with Peggy Ripko, the Designated Election Official of the District, c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, CO 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 25, 2023).

7. <u>Self-Nomination and Acceptance Forms</u>. Self-Nomination and Acceptance Forms are available and can be obtained from Peggy Ripko, the Designated Election Official of the District, c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, CO 80228, (303) 987-0835 and on the District's website at https://www.colorado.gov/eastcreekmd.

8. <u>Cancellation of Election</u>. If the only matter before the electors is the election of Directors of the District and if, at 5:00 P.M. on February 28, 2023, the sixty-third day prior to the regular election, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

9. <u>Severability</u>. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

10. <u>Repealer</u>. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

11. <u>Effective Date</u>. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of the District.

# [SIGNATURE PAGE FOLLOWS]

# [SIGNATURE PAGE TO RESOLUTION CALLING A REGULAR ELECTION FOR DIRECTORS MAY 2, 2023]

RESOLUTION APPROVED AND ADOPTED on October 24, 2022.

EAST CREEK METROPOLITAN DISTRICT NO. 1

Bregory Wright By:

President

Attest:

Secretary

#### East Creek Metropolitan District No.1 April-23

Vendor	Invoice #	Date	Due Date	Ame	ount in USD	Expense Account	Account Number
Altitude Community Law P.C.	1834 3-2023	3/24/2023	3/24/2023	\$	906.00	Legal	1675
Animal & Pest Control Specialist, Inc	90359	2/15/2023	2/15/2023	\$	135.00	Miscellaneous	1685
Animal & Pest Control Specialist, Inc	90360	3/15/2023	3/15/2023	\$	135.00	Miscellaneous	1685
Aurora Media Group	105417	3/30/2023	4/14/2023	\$	39.25	Miscellaneous	1685
Aurora Media Group	105177	3/8/2023	3/23/2023	\$	36.70	Miscellaneous	1685
Aurora Water	A124167March2023	3/20/2023	4/10/2023	\$	40.91	Utilites	1750
Aurora Water	A124168March2023	3/20/2023	4/10/2023	\$	18.91	Utilites	1750
Aurora Water	A124166March2023	3/20/2023	4/10/2023	\$	40.91	Utilites	1750
Diversified Underground, Inc.	27371	3/31/2023	4/30/2023	\$	280.00	Miscellaneous	1685
McGeady Becher P.C.	1346W 2-2023	2/28/2023	2/28/2023	\$	1,749.18	Legal	1675
Pet Scoop	466093	3/31/2023	4/15/2023	\$	447.75	Covenant Control/Comm Mgmt	1710
Special Dist Management Srvs	Mar-23	3/31/2023	3/31/2023	\$	224.00	Election	1635
Special Dist Management Srvs	Mar-23	3/31/2023	3/31/2023	\$	101.05	Miscellaneous	1685
Special Dist Management Srvs	Mar-23	3/31/2023	3/31/2023	\$	1,242.00	Covenant Control/Comm Mgmt	1710
Special Dist Management Srvs	Mar-23	3/31/2023	3/31/2023	\$	1,907.20	Management	1680
Special Dist Management Srvs	Mar-23	3/31/2023	3/31/2023	\$	2,144.00	Accounting	1612
Special Dist Management Srvs	Mar-23	3/31/2023	3/31/2023	\$	456.00	Billing & Collection	1721
UNCC	223030474	3/31/2023	3/31/2023	\$	36.12	Miscellaneous	1685
Waste Management of Denver	8111668-2514-1	4/3/2023	5/3/2023	\$	2,349.22	Trash and Recycling	1736
Xcel Energy	821233303	3/23/2023	4/12/2023	\$	13.74	Utilites	1750
Xpress Bill Pay	73168	3/31/2023	4/5/2023	\$	17.60	Billing & Collection	1721

\$ 12,320.54

#### East Creek Metropolitan District No.1 April-23

-	General		Debt		Capital		Totals
Disbursements	\$	12,320.54	S	\$	-	\$	12,320.54
Total Disbursements from Checking Acct	\$	12,320.54	\$0.00		\$0.00	\$	12,320.54

#### East Creek Metropolitan District No.1 May-23

Vendor	Invoice #	Date	Due Date	Amour	nt in USD	Expense Account	Account Number
Altitude Community Law P.C.	1834 4-2023	4/21/2023	4/21/2023	\$	800.50	Legal	1675
Animal & Pest Control Specialist, Inc	91341	4/15/2023	4/15/2023	\$	135.00	Miscellaneous	1685
Aurora Water	A124168April2023	4/19/2023	5/9/2023	\$	18.91	Utilites	1750
Aurora Water	A124166April2023	4/19/2023	5/9/2023	\$	40.91	Utilites	1750
Aurora Water	A124167April2023	4/19/2023	5/9/2023	\$	40.91	Utilites	1750
Diversified Underground, Inc.	27547	4/30/2023	5/30/2023	\$	310.00	Miscellaneous	1685
McGeady Becher P.C.	1346W 3-2023	3/31/2023	3/31/2023	\$	4,541.24	Legal	1675
Pet Scoop	471129	4/30/2023	5/15/2023	\$	398.00	Covenant Control/Comm Mgmt	1710
Special Dist Management Srvs	Apr-23	4/30/2023	4/30/2023	\$	112.00	Election	1635
Special Dist Management Srvs	Apr-23	4/30/2023	4/30/2023	\$	187.77	Miscellaneous	1685
Special Dist Management Srvs	Apr-23	4/30/2023	4/30/2023	\$	2,343.60	Covenant Control/Comm Mgmt	1710
Special Dist Management Srvs	Apr-23	4/30/2023	4/30/2023	\$	2,661.60	Management	1680
Special Dist Management Srvs	Apr-23	4/30/2023	4/30/2023	\$	1,536.00	Accounting	1612
Special Dist Management Srvs	Apr-23	4/30/2023	4/30/2023	\$	912.00	Billing & Collection	1721
Utility Notification Center of Colorado	223040492	4/30/2023	4/30/2023	\$	25.80	Miscellaneous	1685
Waste Management of Denver	8157728-2514-8	5/1/2023	5/31/2023	\$	2,358.05	Trash and Recycling	1736
Xcel Energy	824960891	4/19/2023	5/9/2023	\$	13.72	Utilites	1750
Xpress Bill Pay	73943	4/30/2023	5/5/2023	\$	452.17	Billing & Collection	1721

\$ 16,888.18

#### East Creek Metropolitan District No.1 May-23

	General	Debt	Capital	Totals
Disbursements	\$ 16,888.18	\$	-	\$ 16,888.18
Total Disbursements from Checking Acct	\$ 16,888.18	\$0.00	\$0.00	\$ 16,888.18

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 Schedule of Cash Position March 31, 2023

	Rate	Operating	Debt Service	Total
Checking:				
Cash in Bank-1st Bank		\$ (160,429.39)	\$ 435,058.07	\$ 274,628.68
Trustee:				
UMB Sr. Bond Fund 149658.1 UMB Reserve Fund 149658.2 UMB Surplus Fund 149658.3 UMB XS Proc. Redemp. Fd. 658.6 UMB Sub Bd Fd UnRest 659.1		- - -	3,038.94 326,277.01 16,447.10 266.44 1,256.79	3,038.94 326,277.01 16,447.10 266.44 1,256.79
TOTAL FUNDS:		\$ (160,429.39)	\$ 782,344.35	\$ 621,914.96

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2023 Mill Levy Information	
General Fund	11.132
Debt Service Fund	55.664
ARI	1.145
Total Certified Mill Levy	67.941

#### **Board of Directors**

Greg Wright Martin Corley Cameron Nelson Peggy Ripko

\*authorized signer on checking account

#### EAST CREEK METROPOLITAN DISTRICT NO. 1

FINANCIAL STATEMENTS

March 31, 2023

## EAST CREEK METROPOLITAN DISTRICT NO. 1 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS March 31, 2023

	GENERAL	DEBT SERVICE	FIXED ASSETS	LONG-TERM DEBT	TOTAL
Assets					
Cash in Bank-1st Bank	\$ (160,429)	\$ 435,058	\$-	\$-	\$ 274,629
Xpress Deposit Account	1,688	-	-	-	1,688
Property Taxes Receivable	28,537	129,389	-	-	157,926
Accounts Receivable	12,801	-	-	-	12,801
UMB Sr. Bond Fund 149658.1	-	3,039	-	-	3,039
UMB Reserve Fund 149658.2	-	326,277	-	-	326,277
UMB Surplus Fund 149658.3	-	16,447	-	-	16,447
UMB XS Proc. Redemp. Fd. 658.6 UMB Sub Bd Fd UnRest 659.1	-	266 1,257	-	-	266 1,257
Total Current Assets	(117,403)	911,733			794,330
Other Debits					
Amount in Debt Service Fund	_	_	_	782,344	782,344
Amount to be Provided for Debt	-	-	-	4,044,289	4,044,289
Total Other Debits				4,826,634	4,826,634
Capital Assets					
Land and Improvements	-	-	1,080,201	-	1,080,201
Capital Assets - Depreciable	-	-	1,354,171	-	1,354,171
Accumulated Depreciation	-	-	(128,334)	-	(128,334)
Total Capital Assets	-	-	2,306,038	-	2,306,038
Total Assets	\$ (117,403)	\$ 911,733	\$ 2,306,038	\$ 4,826,634	\$ 7,927,002
Liabilities					
Due To District 2	\$ 4,840	-	\$-	\$-	\$ 4,840
Bonds Payable 2019A	-	-	-	3,781,000	3,781,000
Bonds Payable 2019B	-	-	-	534,000	534,000
Developer Advances - Capital	-	-	-	377,063	377,063
Accrued Interest - Dev Adv Cap	-	-	-	65,412	65,412
Developer Advance - Operations Accured Interest - Dev Adv Ops	-	-	-	52,273 16,886	52,273 16,886
Accured interest - Dev Adv Ops					
Total Liabilities	4,840			4,826,634	4,831,473
Deferred Inflows of Resources					
Deferred Property Taxes	28,537	129,389	-	-	157,926
Total Deferred Inflows of Resources	28,537	129,389		-	157,926
Fund Balance					
Investment in Fixed Assets	-	-	2,306,038	-	2,306,038
Fund Balance	(133,296)	638,025	-	-	504,729
Current Year Earnings	(17,484)	144,320	-	-	126,836
Total Fund Balances	(150,780)	782,344			2,937,602
Total Liabilities, Deferred Inflows of					
Resources and Fund Balance	\$ (117,403)	\$ 911,733	\$ 2,306,038	\$ 4,826,634	\$ 7,927,002

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund For the 3 Months Ending March 31, 2023

	Period Actual	YTD Actual	Budget	Favorable (Unfavorable) Variance	% of Budget
Revenues					
Property Tax Revenue	\$ 24,894	\$ 24,894	\$ 52,560	\$ (27,666)	47.4%
Specific Ownership Taxes	533	533	3,154	(2,621)	16.9%
O& M Fees	28,080	28,080	112,560	(84,480)	24.9%
ARI Fees	2,616	2,616	5,406	(2,790)	48.4%
Working Capital	300	300	-	300	-
Miscellaneous Income	660	660	-	660	-
Total Revenues	57,083	57,083	173,680	(116,597)	32.9%
Expenditures					
Accounting	2,489	2,489	15,100	12,611	16.5%
Audit	-	-	5,500	5,500	0.0%
Election	688	688	5,000	4,312	13.8%
Insurance/SDA Dues	3,945	3,945	4,800	855	82.2%
Legal	5,764	5,764	12,000	6,236	48.0%
Management	2,536	2,536	13,000	10,464	19.5%
Miscellaneous	987	987	2,000	1,013	49.4%
Treasurer's Fees	373	373	788	415	47.4%
Covenant Control/Comm Mgmt	4,626	4,626	16,500	11,874	28.0%
Drainage Billing & Collection	- 1,414	- 1,414	2,000 6,000	2,000 4,586	0.0% 23.6%
Landscaping	3,339	3,339	27,600	24,261	12.1%
Snow Removal	38,949	38,949	30,000	(8,949)	129.8%
Fencing	-	-	1,500	1,500	0.0%
Trash and Recycling	7,421	7,421	28,900	21,479	25.7%
Park	-	-	5,000	5,000	0.0%
Utilites	227	227	7,500	7,273	3.0%
Monuments	-	-	1,000	1,000	0.0%
Mailboxes	-	-	750	750	0.0%
Contingency	-	-	8,000	8,000	0.0%
Covenant Enforcement - Legal	-	-	2,500	2,500	0.0%
Total Expenditures	72,758	72,758	195,438	122,680	37.2%
Excess (Deficiency) of Revenues					
Over Expenditures	(15,675)	(15,675)	(21,758)	6,083	
Transfers and Other Sources (Uses)					
Emergency Reserve	-	-	(1,577)	1,577	
ARI Fees	(1,867)	(1,867)	(5,406)	3,539	
Transfer from District No. 2	58	58	-	58	
Total Transfers and Other Sources (Uses)	(1,810)	(1,810)	(6,983)	5,173	
Change in Fund Balance	(17,484)	(17,484)	(28,741)	11,257	
Beginning Fund Balance	(133,296)	(133,296)	30,175	(163,471)	
Ending Fund Balance	\$ (150,780)	\$ (150,780)	\$ 1,434	\$ (152,214)	

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Debt Service Fund For the 3 Months Ending March 31, 2023

	Period Actual		YTD Actual		Amended Budget		(U	<sup>-</sup> avorable nfavorable) Variance	% of Budget
Revenues									
Property Tax Revenue Specific Ownership Taxes Interest Income	\$	124,481 2,667 4,054	\$	124,481 2,667 4,054	\$	262,819 15,769 2,500	\$	(138,338) (13,102) 1,554	47.4% 16.9% 162.2%
Total Revenues		131,202		131,202	_	281,088		(149,886)	46.7%
Expenditures									
Loan Principal Loan Interest Loan Issuance Costs Payment to Escrow Agent Paying Agent Fees Treasurer's Fees		- - - 200 38		- - - 200 38		70,000 167,865 256,433 4,740,710 7,500 3,942		70,000 167,865 256,433 4,740,710 7,300 3,904	0.0% 0.0% 0.0% 2.7% 1.0%
Total Expenditures		238		238	_	5,246,450		5,246,212	0.0%
Excess (Deficiency) of Revenues Over Expenditures Other Financing Sources (Uses)		130,964		130,964		(4,965,362)		5,096,326	
Loan Proceeds Transfer From District No. 2		- 13,356		- 13,356		4,650,000 47,170		(4,650,000) (33,814)	
Other Financing Sources (Uses)		13,356		13,356		4,697,170		(4,683,814)	
Change in Fund Balance		144,320		144,320		(268,192)		412,512	
Beginning Fund Balance		651,381		638,025		656,393		(18,368)	
Ending Fund Balance	\$	782,344	\$	782,344	\$	388,201	\$	394,143	

## RESOLUTION TO FURTHER AMEND 2022 BUDGET EAST CREEK METROPOLITAN DISTRICT NO. 1

WHEREAS, the Board of Directors of the East Creek Metropolitan District No. 1 adopted an amended budget and appropriated funds for the fiscal year 2022 as follows:

General Fund	\$ 204,451
Debt Service Fund:	\$ 237,144
Capital Projects Fund	\$ 0

WHEREAS, the necessity has arisen for additional expenditures in the General Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2022; and

WHEREAS, funds are available for such expenditures in the General Fund from Operation Fee, IGA Revenue and miscellaneous.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the East Creek Metropolitan District No. 1 shall and hereby does amend the amended Budget for the fiscal year 2022 and adopts a supplemental budget and appropriation for the General Fund, Debt Service Fund and Capital Projects Fund for the fiscal year 2022:

General Fund	\$
Debt Service Fund:	\$
Capital Projects Fund	\$

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 26<sup>th</sup> day of June, 2023.

# EAST CREEK METROPOLITAN DISTRICT NO. 1

By:\_\_\_\_\_

Secretary



FINANCIAL STATEMENTS DECEMBER 31, 2022

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SCHILLING & COMPANY, INC.

P.O. Box 631579 Highlands Ranch, CO 80163

Certified Public Accountants

PHONE: 720.348.1086 Fax: 720.348.2920

#### Independent Auditor's Report

Board of Directors East Creek Metropolitan District No. 1 Arapahoe County, Colorado

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Creek Metropolitan District No. 1 (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of East Creek Metropolitan District No. 1, as of December 31, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplemental Information

Management has omitted the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

#### Other Information



Management is responsible for the other information included in the annual report. The other information as listed in the table of contents does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado . 2023 BASIC FINANCIAL STATEMENTS

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES December 31, 2022

ASSETS	
Cash and investments - restricted	\$ 570,919
Cash with County Treasurer	1,563
Accounts receivable	11,619
Property taxes receivable	320,785
Prepaid expense	3,516
Capital assets, not being depreciated	1,080,201
Capital assets, being depreciated Total assets	<u>1,097,503</u> 3,086,106
	 3,000,100
Accounts payable	89,584
Accrued interest payable	16,476
Bonds and advances payable	
Due within one year	40,000
Due in more than one year	4,939,940
Total liabilities	5,086,000
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	320,785
Total deferred inflows of resources	320,785
NET POSITION	
Investment in capital assets	2,177,704
Restricted for emergencies	5,500
Restricted for debt service	298,893
Unrestricted	 (4,802,776)
Total net position	\$ (2,320,679)

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES Year Ended December 31, 2022

		Program Revenues							
					Operating		Capital	Net	(Expense)
				_	Grants		Grants	-	venue and
				arges for	and		and		nanges in
Functions/Programs		xpenses		Services	Contributions	- A	ontributions		t Position
General government	\$	492,966	\$	112,980	\$ 48,311	\$	-	\$	(331,675)
Interest and fiscal charges		309,492		-			-		(309,492)
	\$	802,458	\$	112,980	\$ 48,311	\$	-		(641,167)
			Gen	eral revenue					
				xes:	9.				
				Property taxe	\$				329,308
				Specific owne					20,804
				ARI taxes					5,834
				t investment	income				6,360
				scellaneous					3,275
			IVII.	Total generation					365,581
				Total genera	arrevenues				505,501
	•	O.Y	Cha	nge in net po	osition				(275,586)
		X	Net	position - be	ginning				(2,045,093)
	$\langle$		Net	position - en	ding			\$	(2,320,679)

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2022

								Total
	General		Debt Service		Capital Projects		Governmental Funds	
ASSETS								
Cash and investments - restricted	\$	-	\$	570,919	\$	-	\$	570,919
Cash with County Treasurer		282		1,281		-		1,563
Accounts receivable		11,619		-		-		11,619
Property tax receivable		57,966		262,819		-		320,785
Prepaid expenditures		3,516		-		-		3,516
Due from other fund		-		65,825		-		65,825
TOTAL ASSETS	\$	73,383	\$	900,844	\$	-	\$	974,227
LIABILITIES								
Accounts payable	\$	89,584	\$	-	\$	-	\$	89,584
Due to other funds		65,825				-		65,825
Total liabilities		155,409				-		155,409
DEFERRED INFLOWS OF RESOURCES								
Deferred property tax revenue		57,966	. (	262,819		_		320,785
Total deferred inflows of resources		57,966		262,819				320,785
		01,000		202,010				020,700
FUND BALANCES								
Nonspendable - prepaid items		3,516		-		-		3,516
Spendable:								-,
Restricted for:		•						
Emergencies		5,500		-		-		5,500
Debt service		<b>U</b> -		638,025		-		638,025
Unassigned		(149,008)		-		-		(149,008)
Total fund balances		(139,992)		638,025		-		498,033
TOTAL LIABILITIES, DEFERRED INFLOWS OF								
RESOURCES AND FUND BALANCES	\$	73,383	\$	900,844	\$			
	-							

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds. Capital assets, net 2,177,704 Some liabilities, including bonds payable, developer advances and other accrued payables, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds. General obligation bonds payable (4,300,000)Developer advances (429,336) Accrued interest payable - 2019A bonds (16, 476)Accrued interest payable - 2019B bonds (176, 775)Accrued interest payable - developer advances (73, 829)(4,996,416)Net position of governmental activities \$ (2,320,679)

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS Year Ended December 31, 2022

	(	General		Debt Service		pital jects		Total ernmental Funds
REVENUES	•		•				•	
Property tax	\$	54,881	\$	274,427	\$	-	\$	329,308
Specific ownership tax		3,467		17,337		-		20,804
Net investment income		59		6,203		98		6,360
Operations fee		110,580		-		-		110,580
Working capital fee		2,400		-		-		2,400
ARI taxes		5,834		-		-		5,834
IGA revenue - East Creek Metro District No. 2		13,030		35,281		-		48,311
Miscellaneous		3,275		-		-		3,275
Total revenues		193,526		333,248		98		526,872
EXPENDITURES				6				
Current								
Management fees		16,088				-		16,088
Billing and collections		6,903				-		6,903
Accounting		15,303		$\cap \mathbf{\nabla}$		-		15,303
Audit		5,000		- 1		-		5,000
Legal		22,124		-		-		22,124
Insurance		4,168		-		-		4,168
Election expense		410		-		-		410
Miscellaneous		7,391		-		-		7,391
County Treasurer's fees		1,137		3,885		-		5,022
Covenant control / Community management		28,397		-		-		28,397
Landscape maintenance		57,660		-		-		57,660
Snow removal		94,985		-		-		94,985
Trash and recycling		27,867		-		-		27,867
Utilities		64,827		-		-		64,827
ARI payment to City of Aurora		6,696		-		-		6,696
IGA expense - East Creek Metro District No. 2		1,791		-		-		1,791
Debt service								
Bond principal		-		294,000		-		294,000
Bond interest		-		218,689		-		218,689
Paying agent fees and other fees		-		7,279		-		7,279
Total expenditures		360,747		523,853		-		884,600
EXCESS (DEFICIENCY) OF REVENUES OVER								
EXPENDITURES		(167,221)		(190,605)		98		(357,728)
OTHER FINANCING SOURCES (USES)					,	004.000		(004.000)
Transfer to other funds		-		-	(	294,398)		(294,398)
Transfer from other funds		-		294,398	,	-		294,398
Total other financing sources (uses)		-		294,398	(	294,398)		-
NET CHANGE IN FUND BALANCES		(167,221)		103,793	(	294,300)		(357,728)
FUND BALANCES - BEGINNING OF YEAR		27,229		534,232		294,300		855,761
FUND BALANCES (DEFICITS) - END OF YEAR	\$	(139,992)	\$	638,025	\$	-	\$	498,033

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended December 31, 2022

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:	
Net change in fund balances - Total governmental funds	\$ (357,728)
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. Instead the cost of the asset is allocated over its estimated useful life, and recorded as depreciation expense in each of those years.	
Depreciation expense	 (128,334) (128,334)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, it has no effect on net position.	
General Obligation Bonds - Principal	 294,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest payable - bonds	(49,177)
Change in accrued interest payable - developer advances	 (34,347) (83,524)
Change in net position - Governmental activities	\$ (275,586)

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL GENERAL FUND Year Ended December 31, 2022

REVENUES	В	Driginal udgeted mounts		Final udgeted mounts		Actual	Fina P	ance with I Budget - ositive egative)
	\$	F4 010	¢	E1 001	\$	E1 001	¢	
Property tax Specific ownership taxes	φ	54,919 3,295	\$	54,881 3,467	Ф	54,881 3,467	\$	-
Net investment income		3,295		59 59		59		-
Operations fee		- 112,560		110,580		110,580		-
Working capital fee		112,300		2,400		2,400		-
ARI taxes		5,491		5,834		5,834		_
IGA revenue - East Creek Metro District No. 2		11,388		13,030		13,030		_
Miscellaneous		-		3,275		3,275		_
Total Revenues		187,653		193,526	_	193,526		-
		101,000		100,020		100,020		
EXPENDITURES					( )			
Management fees		17,000		17,000		16,088		912
Billing and collections		8,000		8,000		6,903		1,097
Accounting		14,000		14,000		15,303		(1,303)
Audit		5,250	1	5,250		5,000		250
Legal		16,000		16,000		22,124		(6,124)
		5,250		5,250		4,168		1,082
Election expense		25,000		25,000		410		24,590
Miscellaneous		2,000		2,000 823		7,391		(5,391)
County Treasurer's fees Covenant control/ Community management		823 15,250		15,250		1,137 28,397		(314) (13,147)
Covenant control - legal		2,500	Ť.	2,500		20,397		2,500
Drainage		2,000		2,000		-		2,000
Landscape maintenance		25,000		25.080		- 57,660		(32,580)
Snow removal		10,000		10,000		94,985		(84,985)
Fencing		1,500		1,500		34,303		1,500
Park		5,000		5,000		-		5,000
Monuments		1,000		1,000		-		1,000
Mailboxes		750		750		-		750
Trash and recycling		28,900		28,900		27,867		1,033
Utilities		7,500		7,500		64,827		(57,327)
ARI payment to City of Aurora		-		-		6,696		(6,696)
IGA expense - East Creek Metro District No. 2		-		-		1,791		(1,791)
Contingency		10,000		166,296		-		166,296
Emergency reserves		1,648		1,648		-		1,648
Total Expenditures		204,451		360,747		360,747		-
NET CHANGE IN FUND BALANCE		(16,798)		(167,221)		(167,221)		-
FUND BALANCE - BEGINNING OF YEAR		64,823		27,229		27,229		-
FUND BALANCE (DEFICIT) - END OF YEAR	\$	48,025	\$	(139,992)	\$	(139,992)	\$	-
· · · ·		·				/		

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

#### NOTE 1 – DEFINITION OF REPORTING ENTITY

East Creek Metropolitan District No. 1 (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide financing for the acquisition, construction, installation and/or operation of street improvements, water, sanitation, safety protection, park and recreation and transportation services.

The District entered into a Memorandum of Understanding (the MOU) with East Creek Metropolitan District No. 2 (District No. 2) with an effective date of June 18, 2018. Under the MOU, the District is to provide for the financing, construction, design, operation and maintenance of public improvements, as well as overall administration of the Districts. District No. 2 is to reimburse the District for all costs incurred by the District pursuant to the MOU on an allocable basis.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

# NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

## Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, being reported as net position.

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

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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 related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property, specific ownership taxes, operations and working capital fees. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The <u>General Fund</u> is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The <u>Debt Service Fund</u> accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The <u>Capital Projects Fund</u> accounts for the financial resources to be used for the acquisition and construction of capital equipment and facilities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

## Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. 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 District amended its annual budget in the General Fund, Debt Service Fund and Capital Projects Fund for the year ended December 31, 2022.

#### Pooled Cash and Investments

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 single bank account. 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 funds' average equity balance in total cash.

# Capital Assets

Capital assets, which include infrastructure improvements, are reported in the governmental activities column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

15 years
12 years
10 years
10 years
12 years
5-10 years

#### **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 30 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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

# **Deferred Inflows/Outflows of Resources**

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 or fund balance 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

### Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

<u>Nonspendable fund balance</u>—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

<u>Restricted fund balance</u>—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

<u>Committed fund balance</u>—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

<u>Assigned fund balance</u>—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District

Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

### **Operations and Transfer Fees**

The District has imposed an Operations Fee in the amount of \$720 per year on each residential lot within the District and an additional \$120 per year on each Townhome Unit within the District. The Operations Fee is billed in quarterly amounts and is to be used for operations and maintenance costs.

The District has imposed a Transfer Fee in order to offset administrative costs associated with a transfer of ownership of any unit located within the District. The Transfer Fee is \$300 per lot and is due and payable at the time of any sale, transfer or re-sale of any single-family dwelling which has a certificate of occupancy.

# NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Cash and investments - restricted	\$ 570,919
	\$ 570,919

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 227,487
Investments	343,432
	\$ 570,919

#### Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. 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.

At December 31, 2022, the District's cash deposits had a bank balance of \$227,316 and a carrying balance of \$227,487.

#### Investments

The District has not adopted a formal investment policy; however, the District follows State Statutes regarding investments.

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2022, the District had the following investments:

Investment	<u>Maturity</u>	Carrying Value
Colorado Local Government Liquid	Weighted average	
Asset Trust (COLOTRUST) Plus	under 60 days	\$ <u>343,432</u>

# COLOTRUST

As of December 31, 2022, the District has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST Plus+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+

portfolios are rated AAAm by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at <u>www.colotrust.com</u>.

### **Investment Valuation**

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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 investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

# **Restricted Cash and Investments**

At December 31, 2022, cash and investments in the amount of \$570,919 are restricted for debt service and capital in accordance with the indenture of trust related to the Series 2019A and 2019B General Obligation Bonds (See Note 5).

# **NOTE 4 – CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

Governmental Activitites	Balance at January 1, 2022	Increases	Decreases	Balance at December 31, 2022			
Capital assets, not being depreciated:							
Land and land improvements	\$ 1,080,201	\$-	\$-	\$	1,080,201		
Total capital assets,							
not being depreciated	1,080,201				1,080,201		
Capital assets, being depreciated:							
Retaining wall	185,726	-	h -		185,726		
Shelters	38,070	-			38,070		
Monuments	48,700	-			48,700		
Irrigation Systems	286,674		-		286,674		
Playground Equipment	93,916		-		93,916		
Trails/sidewalks/paths	701,085	1			701,085		
Total capital assets, being depreciated	1,354,171		-		1,354,171		
		X					
Less accumulated depreciation fof:		V					
Retaining wall	(12,382)	(12,382)	-		(24,764)		
Shelters	(3,173)	(3,173)	-		(6,346)		
Monuments	(4,870)	(4,870)	-		(9,740)		
Irrigation Systems	(28,667)	(28,667)	-		(57,334)		
Playground Equipment	(7,826)	(7,826)	-		(15,652)		
Trails/sidewalks/paths	(71,416)	(71,416)			(142,832)		
Total accumulated depreciation	(128,334)	(128,334)	-		(256,668)		
Total capital assets, being depreciated, net	1,482,505	(128,334)			1,097,503		
i otai capital assets, beilig depreciated, fiel	1,402,505	(120,334)			1,097,505		
Governmental activities capital assets, net	\$ 2,562,706	\$ (128,334)	\$ -	\$	2,177,704		

Depreciation is charged to the general government function.

### NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	_	Balance at ecember 31, 2021	A	ditions Retirements		_	Balance at December 31, 2022		Due Vithin ne Year	
General Obligation Bonds										
2019A	\$	4,010,000	\$	-	\$	(244,000)	\$	3,766,000	\$	40,000
2019B		584,000		-		(50,000)		534,000		-
Accrued interest on										
2019B bonds		135,302		55,648		(14,175)		176,775		-
Developer Advances - Capital		377,063		-				377,063		-
Accrued interest on										
Developer advances - Capital		27,809		30,165				57,974		-
Developer Advances - Ops		52,273		-				52,273		-
Accrued interest on					$\frown$					
Developer advances - Ops		11,673		4,182		-		15,855		-
· · ·	\$	5,198,120	\$	89,995	\$	(308,175)	\$	4,979,940	\$	40,000
	_						_		_	

The detail of the District's long-term debt is as follows

# General Obligation Limited Tax Bonds, Series 2019A and 2019B

#### Series 2019A

On April 16, 2019, the District issued \$4,010,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A, (2019A Bonds), with interest of 5.250%. Proceeds of the 2019A Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2019A Bonds mature on December 1, 2048 with mandatory sinking fund payments each year beginning December 1, 2022 in varying amounts. Interest is due each June 1 and December 1, commencing June 1, 2019. The 2019A Bonds are subject to optional redemption, as a whole or in integral multiples of \$1,000 on any date, upon payment of par and accrued interest plus a redemption premium in varying rates beginning on June 1, 2024.

The 2019A Bonds are payable from pledged revenue, which includes the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt scheduled payments, specific ownership taxes, capital fees, pledged fees from District No. 2 (see Capital Pledge Agreement below) and any other revenues designated as such and pledged to the payment of the 2019A Bonds by a resolution adopted by the Board. Prior to the Conversion Date (first date on which both the debt to assessed ratio is 50% or less; and no amounts of principal or interest on the 2019A Bonds are due but unpaid), the District is required to impose a mill levy sufficient to pay principal and interest on the 2019A Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (1) not in excess of 50.000 mills, and (2) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills; provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2004,

any change in law, change in method of calculation, the minimum and maximum mill levies shall be increased or decreased to reflect such changes. On and after the Conversion Date, the District is to impose a mill levy in an amount sufficient to pay the principal and interest on the 2019A Bonds as they come due. The District levied 55.664 mills for 2023 collection.

In the event there are any moneys remaining in the Restricted Account of the Project Fund of the 2019A and 2019B Bonds on March 31, 2022, in amounts sufficient to redeem any bonds, such moneys shall be credited to the Excess Proceeds Redemption Fund and applied to the mandatory redemption of all or any portion of the 2019A and 2019B Bonds. On March 31, 2022, unspent bond proceeds of \$229,004.34 in the 2019A Project Fund and \$65,393.27 in the 2019B Project Fund, were transferred to the 2019A and 2019B Excess Proceeds Redemption Fund Accounts in accordance with the Indenture of Trust and subsequently paid down principal and interest on the 2019A and 2019B Bonds.

Pursuant to the Indenture of Trust, the District is required to establish a Reserve Fund for the 2019A Bonds with bond proceeds in the amount of \$320,112. At December 31, 2022, the balance was \$322,656.

Pledged revenue not required for the payment of the 2019A Bonds or the Reserve Fund shall be credited to the Surplus Fund up to a maximum amount of \$401,000. At December 31, 2022, the balance was \$16,265.

#### Series 2019B

On April 16, 2019 the District issued \$584,000 Subordinate General Obligation Limited Tax Bonds, Series 2019B (2019B Bonds), with interest of 8.00%. Proceeds of the 2019B Bonds were used for issuance costs and to reimburse the Developer for capital construction costs. The 2019B Bonds mature on December 15, 2048. Interest is payable on December 15 of each year, commencing on December 15, 2019. Unpaid interest shall compound annually on December 15 of each year.

The 2019B Bonds are only payable in any particular year to the extent that there are amounts available in the Subordinate Pledged Revenue Fund. The Subordinate Pledged Revenue Fund is to be funded from the Subordinate Required Mill Levy, specific ownership taxes, capital fees, pledged fees from District No. 2 (see Capital Pledge Agreement below) and any other revenues designated as such and pledged to the payment of the bonds by a resolution adopted by the Board. The Subordinate Required Mill Levy is 50.000 mills less the 2019A Bond mill levy. The 2019B Bonds will terminate on December 16, 2058, whereby any unpaid principal and interest will be deemed paid.

# Capital Pledge Agreement

The District entered into the Capital Pledge Agreement with District No. 2. The Agreement outlines District No. 2's covenant to cause to be levied on all of the taxable property within District No. 2, commencing in December 2019, the amount of the Mandatory Capital levy of 30.000 mills less the number of mills necessary to pay any unlimited mill levy debt provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2004, any change in law, change in method of calculation, the maximum mill levy shall be increased or decreased to reflect such changes. The Capital Pledge Agreement will

terminate on December 16, 2058 regardless of the amount of principal and interest paid prior to that date.

### Facilities Funding and Acquisition Agreement

The District and Meritage Homes of Colorado, Inc. (Developer) entered into a Facilities Funding and Acquisition Agreement (FFA Agreement) on June 25, 2018, effective June 18, 2018.

#### Organization Costs

According to the terms of the FFA Agreement, the District shall reimburse the Developer for organization expenses incurred. Simple interest accrues on the organization expenses at a rate of 8% from the District's organization date.

#### Construction Costs



The parties to the FFA Agreement acknowledge that the District will incur construction related expenses in connection with the construction of certain public improvements in reliance upon the Developer's commitment to provide funding. In addition, the Developer has or will design, construct and complete certain improvements for District acquisition upon completion. To the extent that the public improvements are not designed, constructed and completed by the Developer for the District's acquisition upon completion, the Developer shall advance funds to the District necessary to fund the construction related expenses up to \$9,737,479. Simple interest accrues from the date the costs are incurred by the Developer at a rate of 8%. The District anticipates payment of the developer advances and/or verified costs to be from the proceeds of debt incurred by the District. Any obligation of the District to reimburse the Developer shall expire on December 31, 2058.

At December 31, 2022, the District owed the Developer \$377,063 in principal and \$57,974 in interest under the FFA Agreement.

# 2018 Operation Funding Agreement

The District and the Developer entered into an Operation Funding Agreement on June 25, 2018 with an effective date of June 18, 2018 (2018 OFA). The 2018 OFA provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2018 in an amount not to exceed \$50,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation of the District to reimburse the Developer shall expire on December 31, 2058.

On October 22, 2018, the District approved the First Amendment to Operation Funding Agreement (the First Amendment) with an effective date of January 1, 2019. The First Amendment extended the term of developer advances through December 31, 2019 in an amount of \$100,000 and remains in effect until December 31, 2019.

At December 31, 2022, the District owed the Developer \$52,273 in principal and \$15,855 in interest under the 2018 OFA.

Year Ending			
December 31,	Principal	nterest	 Total
2023	\$ 40,000	\$ 197,715	\$ 237,715
2024	50,000	195,615	245,615
2025	50,000	192,990	242,990
2026	60,000	190,365	250,365
2027	60,000	187,215	247,215
2028-2032	420,000	880,163	1,300,163
2033-2037	615,000	750,225	1,365,225
2038-2042	875,000	562,800	1,437,800
2043-2047	1,210,000	299,775	1,509,775
2048	386,000	20,264	406,264
	\$ 3,766,000	\$ 3,477,127	\$ 7,243,127

The District's 2019A General Obligation Bonds will mature as follows:

Annual debt service requirements of the District's Subordinate General Obligation Limited Tax Bonds, Series 2019B Bonds are not currently determinable since they are payable only from funds available from Subordinate Pledged Revenue.

# **NOTE 6 – DEBT AUTHORIZATION**

At December 31, 2022, the District had the following authorized by unissued indebtedness:

	Authorized May 3, 018 Election	Au	ithorization Used *	emaining at ecember 31, 2022
Streets	\$ 9,737,479	\$	1,322,709	\$ 8,414,770
Parks and recreation	9,737,479		-	9,737,479
Water	9,737,479		991,100	8,746,379
Sanitation	9,737,479		2,280,191	7,457,288
Public transportation	9,737,479		-	9,737,479
Mosquito control	9,737,479		-	9,737,479
Safety Protection	9,737,479		-	9,737,479
Fire Protection	9,737,479		-	9,737,479
TV relay	9,737,479		-	9,737,479
Security services	9,737,479		-	9,737,479
Operations	9,737,479		-	9,737,479
Refunding	9,737,479		-	9,737,479
IGA Debt	9,737,479		-	9,737,479
	\$ 126,587,227	\$	4,594,000	\$ 121,993,227

\* Authorization used is based on the estimated use of proceeds

The District's service plan limits the total debt issued to \$9,737,479. In the future, the District may issue a portion or all of the remaining authorized but unissued debt.

# NOTE 7 – AGREEMENTS

#### Intergovernmental Agreement with Aurora

The District and the City of Aurora (City) are parties to an intergovernmental agreement (City IGA) dated March 5, 2018, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate certain public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The City IGA states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements and landscape, access and drainage are improvements within certain tracts, unless otherwise agreed to by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as: (i) for the first 20 years (beginning in the first year of collection of a debt service mill levy by the District), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct nonregional improvements. The District levied 1.145 mills for collection in 2023.

### NOTE 8 – FUND EQUITY

At December 31, 2022, the District reported the following classifications of fund equity.

### Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$3,516 is comprised of prepaid amounts which are not in spendable form.

#### **Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$5,500 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11). The restricted fund balance in the Debt Service Fund in the amount of \$638,025 is to be used exclusively for debt service requirements (see Note 4).

#### **Deficit Fund Balance**

The District reported a fund balance deficit of \$139,992 in the General Fund. The District anticipates that taxes, operations fees and IGA revenue from East Creek Metro District No. 2 will remove the deficit fund balance in future years.

#### NOTE 9 - NET POSITION

The District's net position consists of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The restricted portion of net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2022 is as follows:

\$ 5,500
298,893
\$ 304,393
\$

The District's unrestricted net position at December 31, 2022 totaled \$(4,802,776). This deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

# NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool 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.

# NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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.

On May 8, 2018, the District's electors authorized the District to increase taxes \$100,000 annually or by a lesser annual amount as may be necessary to pay the District's operations and maintenance and other expenses without limitation of rate. Further the District's electors authorized the District to collect, keep and expend all District revenues received in 2018 and each year thereafter, of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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 12 – SUBSEQUENT EVENT

On April 13, 2023, Zions Bancorporation, N.A. D/B/A Vectra Bank Colorado issued a loan to the District (2023 Loan) in the amount of \$4,600,000. The 2023 Loan bears interest at 5.44% per annum until the Tax-Exempt Reissuance Date; and 4.70% per annum on and after the Tax-Exempt Reissuance Date (and subject to the Interest Rate Reset Date). The 2023 Loan is a term loan with annual installments of principal due on December 1 of each year beginning on December 1, 2023. Interest will be paid semiannually on June 1 and December 1 of each year, commencing December 1, 2023. The Loan matures on December 1, 2052.

Proceeds of the 2023 Loan were used for issuance costs and to fund an Escrow Account to refund and defease the 2019A Bonds and 2019B Bonds. The defeased 2019A Bonds and 2019B Bonds are not considered a liability of the District since sufficient funds were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due.

This information is an integral part of the accompanying financial statements.

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND Year Ended December 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 274,613	<mark>\$ 274,427</mark>	\$ 274,427	\$-
Specific ownership taxes	16,477	17,337	17,337	-
Net investment income	2,500	6,203	6,203	-
Intergovernmental revenue - District No. 2	35,174	35,281	35,281	-
Total Revenues	328,764	333,248	333,248	
EXPENDITURES			0	
Bond principal	15,000	294,000	294,000	-
Bond interest	210,525	218,689	218,689	-
Paying agent and other fees	7,500	7,279	7,279	-
County treasurer's fees	4,119	3,885	3,885	-
Total Expenditures	237,144	523,853	523,853	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	91,620	(190,605)	(190,605)	
OTHER FINANCING SOURCES (USES) Transfers from other funds		294,398	294,398	
Total other financing sources (uses)		294,398	294,398	-
NET CHANGE IN FUND BALANCE	91,620	103,793	103,793	-
FUND BALANCE - BEGINNING OF YEAR	489,526	534,232	534,232	
FUND BALANCE - END OF YEAR	\$ 581,146	\$ 638,025	\$ 638,025	\$-

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#### EAST CREEK METROPOLITAN DISTRICT NO. 1 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND Year Ended December 31, 2022

REVENUES	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)		
Net investment income	\$-	\$-	\$ 98	\$ 98		
Total Revenues		-	98	98		
EXPENDITURES Miscellaneous	_	_	_	-		
Developer reimbursement - principl	-	-	-	-		
Developer reimbursement - interest	-	-	-	-		
Contingency Total Expenditures			<u></u>			
rotal Experiditules						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			98	98		
OTHER FINANCING SOURCES (USES) Transfers to other funds		(294,398)	(294,398)			
Total other financing sources (uses)		(294,398)	(294,398)			
NET CHANGE IN FUND BALANCE	-	(294,398)	(294,300)	98		
FUND BALANCE - BEGINNING OF YEAR		294,398	294,300	(98)		
FUND BALANCE - END OF YEAR	<u>\$</u> -	\$ -	<u>\$ -</u>	\$		
ORA	>					

OTHER INFORMATION

#### EAST CREEK METROPOLITAN DISTRICT NO. 1 SUMMARY OF ASSESSED VALUATION , MILL LEVY AND PROPERTY TAXES COLLECTED Year Ended December 31, 2022

Year Ended	f	Prior Year Assessed Valuation or Current ar Property		Mills Le	evied			Property	Tax	es	Percentage Collected
December 31,	Tax Levy		General	General Debt ARI		Total	Levied Collected		to Levied		
2019	\$	480,625	65.277	0.000	0.000	65.277	\$	31,374	\$	31,374	100.0%
2020	\$	1,534,415	11.132	55.664	1.113	67.909	\$	104,201	\$	102,493	98.4%
2021	\$	3,008,028	11.132	55.664	1.113	67.909	\$	204,272	\$	200,924	98.4%
2022	\$	4,933,411	11.132	55.664	1.113	67.909	\$	335,023	\$	329,308	98.3%
Estimated for year ending December 31, 2023	\$	4,721,534	11.132	55.664	1.145	67.941	\$	320,785	5	)	

**NOTE:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

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#### EAST CREEK METROPOLITAN DISTRICT NO. 1 SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY December 31, 2022

	(Convertible to Unlimited Tax) Bonds, Series 2019A			
	Dated April 16, 2019			
	Interes	t Rate of 5.25	0%	
	Principa	al Due Deceml	ber 1	
Year Ending	Interest Due	June 1 and De	ecember 1	
December 31,	Principal	Interest	Total	
2023	\$ 40,000 * \$	197,715	\$ 237,715	
2024	50,000 *	195,615	245,615	
2025	50,000 *	192,990	242,990	
2026	60,000 *	190,365	250,365	
2027	60,000 *	187,215	247,215	
2028	70,000 *	184,065	254,065	
2029	75,000 *	180,390	255,390	
2030	85,000 *	176,453	261,453	
2031	90,000 *	171,990	261,990	
2032	100,000 *	167,265	267,265	
2033	105,000 *	162,015	267,015	
2034	115,000 *	156,503	271,503	
2035	120,000 *	150,465	270,465	
2036	135,000 *	144,165	279,165	
2037	140,000 *	137,077	277,077	
2038	155,000 *	129,727	284,727	
2039	160,000 *	121,590	281,590	
2040	175,000 *	113,190	288,190	
2041	185,000 *	104,003	289,003	
2042	200,000 *	94,290	294,290	
2043	210,000 *	83,790	293,790	
2044	230,000 *	72,765	302,765	
2045	240,000 *	60,690	300,690	
2046	260,000 *	48,090	308,090	
2047	270,000 *	34,440	304,440	
2048	386,000	20,264	406,264	
	\$ 3,766,000 \$	3,477,127	\$ 7,243,127	

# \$4,010,000 General Obligation Limited Tax (Convertible to Unlimited Tax) Bonds, Series 2019A

\* sinking fund redemptions



Schilling & Company, inc.

Certified Public Accountants

PHONE: 720.348.1086 Fax: 720.348.2920

, 2023

To the Board of Directors East Creek Metropolitan District No. 1 Arapahoe County, Colorado

We have audited the financial statements of the governmental activities and the major funds of East Creek Metropolitan District No. 1 (District) for the year ended December 31, 2022 and have issued our report thereon dated \_\_\_\_\_\_\_\_. 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated to such information in our engagement letter dated January 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

# Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

# Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

## Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached Exhibit I of material misstatements detected as a result of audit procedures were corrected by management.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

#### Management Representation

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_\_, 2023.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

#### General Fund Deficit Fund Balance

As of December 31, 2022, the District's General Fund had a negative cash balance of \$65,825 and a fund balance deficit of \$139,992. The deficit was a result of actual expenditures exceeding the budgeted expenditures. The original budget for General Fund expenditures for 2022 was \$204,451 and actual expenditures were \$360,747. Expenditures such as landscape maintenance, snow removal and utilities were significantly more than budgeted expenditures.

In order to fund operations of the General Fund in 2022, it has borrowed from the restricted Debt Service Funds to cover these costs. This may be in violation of certain debt requirements on the bonds and is not a good business practice. We recommend that the District repay the Debt Service Funds as soon as possible and establish policies and procedures going forward so this doesn't occur in the future.

I recommend the Board review and revise the 2023 Budget that was adopted. The beginning of year fund balance of the General Fund in the 2023 Budget was projected to be \$30,175 however, the actual is a deficit of \$139,992. In addition, the revenues generated by the General Fund are not sufficient to pay the budgeted expenditures of the District on an ongoing basis. I recommend the Board consider increasing operations fees as well as reducing expenditures so that revenues generated will cover expenditures for 2023.

# Other Matters

We were engaged to report on supplementary information (as listed in the table of contents to the basic financial statements), which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information (as listed in the table of contents to the basic financial statements), which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHILLING & Company, INC.

Schilling & Company, Inc.

#### Page 1

Adj. Journal Entries East Creek Metro District #1 12/31/2022 Exhibit I 6/12/2023 10:04:58 PM

 Done by:
 Date:
 Index:

 Reviewer:
 Date:
 Index:

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1 1	Cash in Bank - First Bank Accounts Payable	AA-1/A-1	1-100 1-310	47,648.51	47,648.51
To recl	assify outstanding checks to accounts	payable a	t 12/31/20	22.	
2 2	Accounts Payable ARI taxes to City of Aurora	100	1-310 1-775	6,696.02	6,696.02
To reco	ord ARI taxes payable to the City of A	urora as c	f December	31, 2022.	
3 3	Operations Fee Working Capital Fee	101	1-555 1-552	3,630.00	3,630.00
Reclassify townhome operations fees billed.					
4 4	Bond Principal Bond Interest	CC	2-605 2-606	15,000.00	15,000.00
To reclassify principal paid on bonds.					
5 5	Snow Removal Landscape Maintenance	305	1-731 1-730	3,807.00	3,807.00
To reclassify snow removal expenses.					
	Totals			76,781.53	76,781.53

# EAST CREEK METROPOLITAN DISTRICT NO. 1

June 26, 2023

Schilling & Company, Inc. PO Box 631579 Highlands Ranch, CO 80163

This representation letter is provided in connection with your audit of the financial statements of East Creek Metropolitan District No. 1, which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2022, and the respective changes in financial for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of the Independent Auditor's Report the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 16, 2023.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if any, required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable, including the following:
  - a) The appropriateness and consistency of the measurement processes used by management in determining accounting estimates.
  - b) That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action.

- c) That the disclosures related to accounting estimates are complete and appropriate.
- d) That no subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We have reviewed the attached Exhibit I of corrected misstatements and are in agreement with them. We have directed that these correcting entries be posted to the accounting records of the District.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

### Information Provided

11) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the District or those designated by the District from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a) Management,
  - b) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements of which we are aware.

#### Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21)24) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended.
- 31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 32) Components of net position (restricted and unrestricted), and classifications of fund balance (nonspendable, restricted, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments are properly valued.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 39) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We are following GASB Statement No. 54, to determine the fund balance classifications for financial reporting purposes.
- 41) The Management's Discussion and Analysis which is required supplementary information (RSI) has been omitted from the financial statements. We are aware that such information is required by accounting principles generally accepted in the United States.
- 42) With respect to the Supplementary Information as listed in the table of contents to the financial statements:
  - a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 43) The District understands that TABOR (Section 20 of Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time, the District is in compliance.

44) We have directed that all banking and savings and loan institutions be notified of our assigned number which identifies that our deposits are subject to the respective Public Deposit Protection Act.

EAST CREEK METROPOLITAN DISTRICT NO. 1

Member of the Board of Directors

District Manager

#### Page 1

#### Adj. Journal Entries East Creek Metro District #1 12/31/2022 Exhibit I

6/12/2023 10:04:58 PM

Done by: Date: Index: Reviewer: Date:

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
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To reco	rd ARI taxes payable to the City of A	urora as o	f December	31, 2022.	
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Reclassify townhome operations fees billed.					
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To reclassify principal paid on bonds.					
5 5	Snow Removal Landscape Maintenance	305	1-731 1-730	3,807.00	3,807.00
To reclassify snow removal expenses.					
	Totals			76,781.53	76,781.53

Nature's Workforce

# 303-471-1522 naturesworkforce.com

То:	SDMS		Contact:	Peggy Ripko	
Address:	141 Union Boulevard, Suite 150		Phone:	303-987-0835	
	Lakewood, CO 80228		Fax:	303-987-2032	
Project Name:	East Creek - Jan '23 - Dec '23		Bid Number:	1001	
Project Location:	Aurora, CO		Bid Date:	6/15/2023	
Addendum #:	N/a				
Item Description		Estimated Quantity	Unit	Unit Price	Total Price
Forebay	f Debris, Trash And Vegetation From Concrete auling Off Site	1.00	LS	\$5,822.00	\$5,822.00
One Time Clean Up	5		EACH	\$1,202.00	\$1,202.00
<b>Pruning Shrubs An</b> Shrub Pruning 1x Tree Pruning Up To		1.00	EACH	\$1,462.00	\$1,462.00
Native Grass - Bro	adleaf Herbicide: (Spot Application) )f A Broadleaf Herbicide	1.00	EACH	\$345.00	\$345.00
		Total Price	for above Ite	ms:	\$8,831.00
Monthly Serv	ice				
<ul> <li>Mow Beau</li> </ul>	<b>1 Time Clean Up - Based 1 Time Per Month</b> ty Band Around Beds And Fence Line, Bed Weedir Up, Spray Weeds As Needed		EACH	\$531.50	\$531.50
	Total	Price for above Month	nly Service Ite	ms:	\$531.50
		Tot	tal Bid Price		\$9,362.50

Notes:

• This proposal will be subject to a change order for material price increases, if material market pricing escalates at the time of installation, from the date of proposal.

• Irrigation repairs will be additional at T & M rates with owners approval.

• Irrigation rates will be \$ 80.00 per hour for a irrigation technician and any necessary materials will be additional.

• This proposal is good for 30 days following the date given on the proposal.

Consolidated Divisions, Inc. dba CDI | ENVIRONMENTAL CONTRACTOR

An Equal Opportunity Employer

Nature's Workforce, a Consolidated Divisions, Inc. company.

An Equal Opportunity Employer

Payment Terms:

Payment due 30 days from invoice.



# 303-471-1522 naturesworkforce.com

То:	SDMS	Contact:	Peggy Ripko
Address:	141 Union Boulevard, Suite 150	Phone:	303-987-0835
	Lakewood, CO 80228	Fax:	303-987-2032
Project Name:	East Creek - Jan '23 - Dec '23	Bid Number:	1001
Project Location:	Aurora, CO	Bid Date:	6/15/2023
Addendum #:	N/a		

ACCEPTED: The above prices, specifications and conditions are satisfactory and hereby accepted.	CONFIRMED: Nature's Workforce
Buyer:	
Signature:	Authorized Signature:
Date of Acceptance:	Estimator: Cory France 303-501-5697 coryf@cdi-services.com































