

# 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

## NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Glenn Nier	President	2022/May 2022
Michele Trujillo	Treasurer	2022/May 2022
Matthew Larsen		2023/May 2023
<b>VACANT</b>		2023/May 2022
<b>VACANT</b>		2022/May 2022

DATE: June 29, 2020

TIME: 5:00 P.M.

**PLACE:** DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY CONFERENCE CALL WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT **877-221-1978** AND WHEN PROMPTED, DIAL IN THE PASSCODE OF **9521151**. *Please email Peggy Ripko if there are any issues (pripko@sdmsi.com).*

### I. ADMINISTRATIVE MATTERS

A. Confirm Quorum and Present Conflict Disclosures.

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B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

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C. Discuss results of the cancelled May 5, 2020 Regular Election (enclosure).

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D. Acknowledge the letters of resignation from the Board of Directors from Natalie Schutzius, effective February 26, 2020 and Michael Bird, effective May 8, 2020 (enclosures).

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- E. Discuss vacancies on the Board and Consider the appointment of eligible electors to the Board to fill vacancies (Notice of Vacancy Published June 10, 2020). Administer Oath of Director.
- 

- F. Consider appointment of Officers:

President \_\_\_\_\_  
 Treasurer \_\_\_\_\_  
 Secretary \_\_\_\_\_  
 Asst. Secretary \_\_\_\_\_  
 Asst. Secretary \_\_\_\_\_  
 Asst. Secretary \_\_\_\_\_

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- G. Review and approve Minutes of the October 28, 2019 special meeting (enclosure).
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II. PUBLIC COMMENTS

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

III. FINANCIAL MATTERS

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

<b>Fund</b>	Period Ending Nov. 14, 2019	Period Ending Dec. 17, 2019	Period Ending Jan. 14, 2020
General	\$ 8,487.28	\$ 10,455.79	\$ 5,310.89
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
<b>Total Claims</b>	<b>\$ 8,487.28</b>	<b>\$ 10,455.79</b>	<b>\$ 5,310.89</b>

<b>Fund</b>	Period Ending Feb. 11, 2020	Period Ending Mar. 17, 2020	Period Ending Apr. 14, 2020
General	\$ 8,314.36	\$ 9,920.08	\$ 7,556.54
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
<b>Total Claims</b>	<b>\$ 8,314.36</b>	<b>\$ 9,920.08</b>	<b>\$ 7,556.54</b>

<b>Fund</b>	Period Ending May 14, 2020	Period Ending June 11, 2020
General	\$ 7,633.23	\$ 13,699.65
Debt Service	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-
<b>Total Claims</b>	<b>\$ 7,633.23</b>	<b>\$ 13,699.65</b>

- B. Review and accept unaudited financial statements for the period ending May 31, 2020 and schedule of cash position ending May 31, 2020 (enclosure).
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- C. Ratify engagement of Schilling & Company to perform 2019 Audit and review communications letter (enclosure).
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- D. Review and consider approval of 2019 Audit (enclosure – draft Audit) and authorize execution of Representations Letter (enclosure).
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IV. LEGAL MATTERS

- A. Discuss update to McGeady Becher P.C. Records Retention Policy (enclosure).
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V. COMMUNITY MANAGEMENT

- A. Discuss timeline for landscape transition to the District.
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VI. CONSTRUCTION MATTERS

- A. Discuss status of 2020 development / construction outlook.
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VII. OTHER BUSINESS

- A. \_\_\_\_\_
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VIII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 26, 2020 (BUDGET HEARING).**

**NOTICE OF CANCELLATION  
and  
CERTIFIED STATEMENT OF RESULTS**

§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

**NOTICE IS HEREBY GIVEN** by the East Creek Metropolitan District No 1, Arapahoe County, Colorado, that at the close of business on the sixty-third 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; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

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

<u>Name</u>	<u>Term</u>
Michael Bird	Second Regular Election, May 2023
Matthew Larsen	Second Regular Election, May 2023
Vacant	Next Regular Election May 2022

/s/ Peggy Ripko  
(Assistant Designated Election Official)

Contact Person for the District:	Peggy Ripko
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	pripko@sdmsi.com

**From:** [Schutzzius, Natalie](#)  
**To:** [Alysia Padilla](#)  
**Cc:** [Robin Navant](#); [Nier, Glenn](#)  
**Subject:** RE: Self Nomination Form/ East Creek MD No. 1  
**Date:** Wednesday, February 26, 2020 11:37:57 AM

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Hello – I would like to submit my resignation. I will not be nominating myself again.

Thanks!

**Natalie Schutzzius – Finance Analyst | O: 303.406.4351 | [www.meritagehomes.com](http://www.meritagehomes.com)**

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**From:** Alysia Padilla <[apadilla@sdmsi.com](mailto:apadilla@sdmsi.com)>  
**Sent:** Monday, February 24, 2020 4:32 PM  
**To:** Schutzzius, Natalie <[Natalie.Schutzzius@meritagehomes.com](mailto:Natalie.Schutzzius@meritagehomes.com)>  
**Cc:** Robin Navant <[rnavant@sdmsi.com](mailto:rnavant@sdmsi.com)>  
**Subject:** FW: Self Nomination Form/ East Creek MD No. 1

Hello,

This is just a friendly reminder that the Self-Nomination Form is due this Friday, February 28, 2020 by 3:00 p.m..

Thank you,

*Alysia Padilla*

Administrative Assistant



141 Union Boulevard, Suite 150

Lakewood, CO 80228-1898

[apadilla@sdmsi.com](mailto:apadilla@sdmsi.com)

Phone: 303-987-0835

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**From:** Robin Navant <[rnavant@sdmsi.com](mailto:rnavant@sdmsi.com)>  
**Sent:** Thursday, February 6, 2020 1:09 PM

**To:** [Natalie.schutzius@meritagehomes.com](mailto:Natalie.schutzius@meritagehomes.com)  
**Cc:** Karen Steggs <[ksteggs@sdmsi.com](mailto:ksteggs@sdmsi.com)>  
**Subject:** Self Nomination Form/ East Creek MD No. 1

Director Schuzius,

Please see the attached Self-Nomination and Acceptance Form for the above-referenced District for the May 5, 2020 Election. If you would like to run for the Board, please complete the form per the instructions below.

The Self-Nomination and Acceptance Form is required to be filed with the Designated Election Official **by Friday, February 28, 2020, no later than 3:00 p.m.** To comply with the time frame mandated by statute, we request that you return your form as soon as possible, so that we may proceed with verifying your qualification in a timely manner. The DEO will accept e-mailed and/or faxed copies of the form.

Please ***handwrite*** in the information on your form.

Please fill in your full legal name and your ***residential address***, including the ***county*** you reside in. Please list a mailing address if it is different from your residential address.

Please select how you are qualified. As a reminder, you must be registered to vote in the State of Colorado.

Please mark if you are a member of an executive board of a unit owner's association. This refers to whether or not you are a Board Member of an Owner's Association (i.e. Homeowners Association, Property Owners Association or Unit Owners Association ***within your District***).

Each candidate must have a witness sign this form. The witness must be a registered elector. Anyone who is registered to vote in the State of Colorado is considered a registered elector. This can be a spouse, family member, coworker, neighbor, etc.

Thank You!

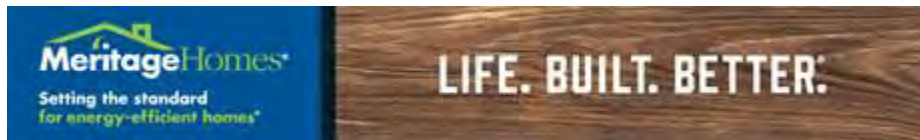
Robin Navant  
Administrative Assistant  
Special District Management Services, Inc.  
141 Union Blvd. Suite 150  
Lakewood, CO 80228  
Phone: 303-987-0835  
[rnavant@sdmsi.com](mailto:rnavant@sdmsi.com)

**From:** Bird, Michael  
**Sent:** Friday, May 8, 2020 12:25 PM  
**To:** Nier, Glenn  
**Cc:** Jennifer Henry <  
**Subject:** RE: Mike Bird

To whom it may concern, I am resigning from the following boards;  
East Creek MD Nos. 1 and 2  
Highline Crossing MD  
Meadowlark MD  
The Commons at East Creek MD  
Effective May 8,2020, I can be reached at [themikebird@yahoo.com](mailto:themikebird@yahoo.com) for any paperwork that may need to be executed.

Thank You,

**Michael Bird**  
Director of Land Development



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## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE EAST CREEK METROPOLITAN DISTRICT NO. 1 (THE "DISTRICT") HELD OCTOBER 28, 2019

A special meeting of the Board of Directors of the East Creek Metropolitan District No. 1 (the "District") was convened on Monday, October 28, 2019 at 3:00 p.m., at the offices of Meritage Homes of Colorado, 8400 E. Crescent Parkway, #200, Greenwood Village, Colorado 80111. The meeting was open to the public.

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**Directors In Attendance Were:**

Glenn Nier  
Michele Trujillo  
Michael Bird  
Matthew Larsen  
Natalie Schutzius

**Also In Attendance Were:**

Lisa A. Johnson, Peggy Ripko, and Jim Ruthven; Special District Management Services, Inc. ("SDMS")

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

**DISCLOSURE OF  
POTENTIAL  
CONFLICTS OF  
INTEREST**

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

**ADMINISTRATIVE  
MATTERS**

**Agenda:** Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's special meeting.



## RECORD OF PROCEEDINGS

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

**Approval of Meeting Location:** The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within the District's boundaries to conduct this meeting, it was determined to conduct the meeting at the above-stated location. The Board further noted that notice of this location was duly posted within the boundaries of the District and the District has not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

**Minutes:** The Board reviewed the minutes of the April 3, 2019 special meeting/work session and April 10, 2019 continued special meeting.

Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board approved the minutes of the April 3, 2019 special meeting/work session and April 10, 2019 continued special meeting

**2019 Legislation Regarding Posting of 24-Hour Meeting Notices:** Attorney Williams reviewed with the Board the recent change in legislation that authorizes the posting of meeting notices on the District's website as opposed to in three (3) physical locations within the boundaries of the District. Attorney Williams noted that the statute does require designating one (1) physical location for the posting of notices in the event the District's website is not functioning and posting on the website cannot occur.

**Eligible Governmental Entity Agreement ("EGE") between the District and The Statewide Internet Portal Authority ("SIPA") of the State of Colorado:** The Board discussed an EGE between the District and SIPA for the establishment of a District website. It was noted that the District already has a website through SIPA, [www.colorado.gov/eastcreekmd](http://www.colorado.gov/eastcreekmd).

**Resolution No. 2019-10-01; Establishing 2020 Regular Meeting Dates, Time and Location, Establishing District Website, and Designating Location for Posting of 24-Hour Notices:** The Board discussed Resolution No. 2019-10-01; Establishing 2020 Regular Meeting Dates, Time and Location, Establishing District Website, and Designating Location for Posting of 24-Hour Notices.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-01; Establishing 2020 Regular Meeting Dates, Time and Location, Establishing District Website, and Designating Location for Posting of 24-Hour Notices. The Board determined these meetings to be on the last Monday of June and October, 2020 at 5:00 p.m. at the Meritage Model Home located at 16533 East Virginia Ave., Aurora, Colorado, 80017.

**§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2020:** The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2020.

Following discussion, the Board directed staff to post on the SDA Website and the District Website.

### **FINANCIAL MATTERS**

**Claims:** The Board considered the ratification of approval of the payment of claims as follows:

<b>Fund</b>	Period Ending Apr. 09, 2019	Period Ending May 14, 2019	Period Ending June 17, 2019
General	\$ 13,813.85	\$ 8,616.69	\$ 3,708.72
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
<b>Total Claims</b>	<b>\$ 13,813.85</b>	<b>\$ 8,616.69</b>	<b>\$ 3,708.72</b>

<b>Fund</b>	Period Ending July 18, 2019	Period Ending Aug. 28, 2019	Period Ending Sept. 17, 2019
General	\$ 1,717.29	\$ 947.18	\$ 3,434.45
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
<b>Total Claims</b>	<b>\$ 1,717.29</b>	<b>\$ 947.18</b>	<b>\$ 3,434.45</b>

<b>Fund</b>	Period Ending Oct. 22, 2019
General	\$ 1,754.86
Debt Service	\$ -0-
Capital Projects	\$ -0-
<b>Total Claims</b>	<b>\$ 1,754.86</b>

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

## RECORD OF PROCEEDINGS

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**Financial Statements and Schedule of Cash Position:** Mr. Ruthven presented to the Board the unaudited financial statements dated September 30, 2019 and schedule of cash position statement ending September 30, 2019.

Following review and discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote unanimously carried, the Board accepted the unaudited financial statements dated September 30, 2019 and schedule of cash position statement ending September 30, 2019.

**2019 Audit:** The Board discussed the engagement of an auditor to prepare the 2019 Audit. The Board directed staff to solicit proposals.

**2019 Budget Amendment Hearing:** The President opened the public hearing to consider the Resolution to Amend the 2019 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2019 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Following review and discussion, it was noted that the 2019 Budget Amendment was not necessary.

**2020 Budget Hearing:** The President opened the public hearing to consider the proposed 2020 Budget and discuss related issues.

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

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

Mr. Ruthven reviewed the estimated 2019 expenditures and the proposed 2020 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2019-10-02; to Adopt the 2020 Budget and Appropriate Sums of Money and Resolution No. 2019-10-03; to Set Mill Levies (for the General Fund at 11.133 mills and the Debt Service Fund at 55.664 mills and ARI mill at 1.113 mills for a total mill levy of 67.909 mills). Upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Resolutions to Adopt 2020 Budget and Set Mill Levies

## RECORD OF PROCEEDINGS

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were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2019. Ms. Johnson was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Arapahoe County and the Division of Local Government, not later than December 15, 2019. Ms. Johnson was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2020. Copies of the adopted Resolutions are attached to these Minutes and incorporated herein by this reference.

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

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

**Resolution No. 2019-10-04; Authorizing Adjustment of the District Mill Levy in Accordance with Colorado Constitution, Article X, Section 3**: The Board discussed Resolution No. 2019-10-04.

Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-04.

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**LEGAL MATTERS** **Resolution No. 2019-10-05; Calling a Regular Election for Directors on May 5, 2020**: Attorney Williams presented to the Board Resolution No. 2019-10-05.

Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-05 to Call the May 5, 2020 Election and appointed Lisa A. Johnson as the Designated Election Official and authorized her to perform all tasks required for the May 5, 2020 Regular Election of the Board of Directors for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

**Resolution No. 2019-10-06; Regarding Continuing Disclosure Policies and Procedures**: The Board discussed Resolution No. 2019-10-06; Regarding Continuing Disclosure Policies and Procedures.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-06; Regarding Continuing Disclosure Policies and Procedures.

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**COVENANT  
ENFORCEMENT/  
DESIGN REVIEW**

**Resolution No. 2019-04-04; Adopting Policies and Procedures Governing the Enforcement of the Protective Covenants of East Creek:** Following discussion, the Board acknowledged this Resolution was adopted by the Board April 10, 2019.

**Resolution No. 2019-04-05; Adopting the East Creek Rules and Regulations:** Following discussion, the Board acknowledged this Resolution was adopted by the Board April 10, 2019.

**Resolution No. 2019-10-07; Amended and Restated Resolution Regarding the Imposition of District Fees:** The Board discussed Resolution No. 2019-10-07; Amended and Restated Resolution Regarding the Imposition of District Fees.

Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-10-07; Amended and Restated Resolution Regarding the Imposition of District Fees.

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**CONSTRUCTION  
MATTERS**

**2019 Development / Construction Outlook:** Director Bird gave an update. No action was taken.

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**OTHER BUSINESS**

There were no other business matters at this time.

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**ADJOURNMENT**

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting

**East Creek Metropolitan District No.1**  
**November-19**

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 8,487.28	\$ -	\$ -	\$ 8,487.28
<b>Total Disbursements from Checking Acct</b>	<b>\$ 8,487.28</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ 8,487.28</b>

Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1035-M</b>						
11/14/2019	Aurora Media Group	96974	Miscellaneous	1-685	35.00	35.00
Total 1035:						35.00
<b>1036-M</b>						
11/14/2019	Colorado Special District	POL-0000790 6	Prepaid Expenses	1-143	400.00	400.00
Total 1036:						400.00
<b>1037-M</b>						
11/14/2019	Metco Landscape, Inc.	535294	Landscaping	1-730	577.50	577.50
Total 1037:						577.50
<b>1038-C</b>						
11/14/2019	Special Dist Manageme	OCTOBER 201	Accounting	1-612	1,414.00	1,414.00
11/14/2019	Special Dist Manageme	OCTOBER 201	Management	1-680	3,128.00	3,128.00
11/14/2019	Special Dist Manageme	OCTOBER 201	Covenant Control/C	1-710	685.00	685.00
11/14/2019	Special Dist Manageme	OCTOBER 201	Miscellaneous	1-685	49.84	49.84
11/14/2019	Special Dist Manageme	OCTOBER 201	Billing & Collection	1-721	279.50	279.50
11/14/2019	Special Dist Manageme	OCTOBER 201	Accounting	1-612	322.00	322.00
11/14/2019	Special Dist Manageme	OCTOBER 201	Management	1-680	1,208.00	1,208.00
11/14/2019	Special Dist Manageme	OCTOBER 201	Miscellaneous	1-685	78.61	78.61
Total 1038:						7,164.95
<b>1039-M</b>						
11/14/2019	Waste Management of	6115139-2514-3	Trash and Recycling	1-736	309.83	309.83
Total 1039:						309.83
Grand Totals:						8,487.28

**East Creek Metropolitan District No.1**  
**December-19**

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 10,455.79	\$ -	\$ -	\$ 10,455.79
<b>Total Disbursements from Checking Acct</b>	<b>\$ 10,455.79</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ 10,455.79</b>



Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1040</b>						
12/17/2019	Colorado Special District	POL-0002000	Insurance/SDA Due	1-670	2,284.00	2,284.00
Total 1040:						2,284.00
<b>1041</b>						
12/17/2019	McGeady Becher P.C.	1346W	Legal	1-675	2,837.00	2,837.00
Total 1041:						2,837.00
<b>1042</b>						
12/17/2019	Metco Landscape, Inc.	536961	Landscaping	1-730	1,476.40	1,476.40
12/17/2019	Metco Landscape, Inc.	536962	Landscaping	1-730	1,283.20	1,283.20
Total 1042:						2,759.60
<b>1043</b>						
12/17/2019	Special Dist Manageme	11.30.19	Accounting	1-612	714.00	714.00
12/17/2019	Special Dist Manageme	11.30.19	Management	1-680	262.00	262.00
12/17/2019	Special Dist Manageme	11.30.19	Billing & Collection	1-721	305.50	305.50
12/17/2019	Special Dist Manageme	11.30.19	Miscellaneous	1-685	263.67	263.67
12/17/2019	Special Dist Manageme	11.30.19	Covenant Control/C	1-710	133.00	133.00
12/17/2019	Special Dist Manageme	11.30.19 - 2	Accounting	1-612	84.00	84.00
Total 1043:						1,762.17
<b>1044</b>						
12/17/2019	T. Charles Wilson Insura	7676	Prepaid Expenses	1-143	495.00	495.00
Total 1044:						495.00
<b>1045</b>						
12/17/2019	Waste Management of	6158600-2514-	Trash and Recycling	1-736	318.02	318.02
Total 1045:						318.02
Grand Totals:						10,455.79

East Creek Metropolitan District No.1  
January-20

	General	Debt	Capital	Totals
Disbursements	\$ 5,310.89	\$ -	\$ -	\$ 5,310.89
<b>Total Disbursements from Checking Acct</b>	<b>\$ 5,310.89</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ 5,310.89</b>

Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1046</b>						
01/14/2020	McGeady Becher P.C.	1346W 11/19	Legal	1-675	100.00	100.00
Total 1046:						100.00
<b>1047</b>						
01/14/2020	Metco Landscape, Inc.	538726	Landscaping	1-730	665.00	665.00
Total 1047:						665.00
<b>1048</b>						
01/14/2020	Special Dist Manageme	12/2019-1	Accounting	1-612	340.00	340.00
01/14/2020	Special Dist Manageme	12/2019-1	Billing & Collection	1-721	448.50	448.50
01/14/2020	Special Dist Manageme	12/2019-1	Covenant Control/C	1-710	1,681.50	1,681.50
01/14/2020	Special Dist Manageme	12/2019-1	Management	1-680	887.50	887.50
01/14/2020	Special Dist Manageme	12/2019-1	Miscellaneous	1-685	350.52	350.52
01/14/2020	Special Dist Manageme	12/2019-2	Election	1-635	14.00	14.00
01/14/2020	Special Dist Manageme	12/2019-2	Accounting	1-612	84.00	84.00
01/14/2020	Special Dist Manageme	12/2019-2	Management	1-680	154.00	154.00
01/14/2020	Special Dist Manageme	12/2019-2	Miscellaneous	1-685	15.70	15.70
Total 1048:						3,975.72
<b>1049</b>						
01/14/2020	Waste Management of	6212862-2514-	Trash and Recycling	1-736	570.17	570.17
Total 1049:						570.17
Grand Totals:						5,310.89

**East Creek Metropolitan District No.1**  
**February-20**

	<u>General</u>		<u>Debt</u>		<u>Capital</u>		<u>Totals</u>
<b>Disbursements</b>	\$ 8,314.36	\$	-	\$	-	\$	8,314.36
<b>Total Disbursements from Checking Acct</b>	<b>\$ 8,314.36</b>		<b>\$0.00</b>		<b>\$0.00</b>	<b>\$</b>	<b>8,314.36</b>

Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1053</b>						
02/11/2020	Aurora Media Group	97716	Election	1-635	52.00	52.00
Total 1053:						52.00
<b>1054</b>						
02/11/2020	McGeady Becher P.C.	1346W-15	Legal	1-675	265.00	265.00
Total 1054:						265.00
<b>1055</b>						
02/11/2020	Special Dist Manageme	D1 01/2020	Accounting	1-612	644.00	644.00
02/11/2020	Special Dist Manageme	D1 01/2020	Covenant Control/C	1-710	3,467.50	3,467.50
02/11/2020	Special Dist Manageme	D1 01/2020	Election	1-635	102.00	102.00
02/11/2020	Special Dist Manageme	D1 01/2020	Management	1-680	1,101.50	1,101.50
02/11/2020	Special Dist Manageme	D1 01/2020	Miscellaneous	1-685	456.25	456.25
02/11/2020	Special Dist Manageme	D1 01/2020	Billing & Collection	1-721	501.50	501.50
02/11/2020	Special Dist Manageme	D2 01/2020	Accounting	1-612	168.00	168.00
02/11/2020	Special Dist Manageme	D2 01/2020	Covenant Control/C	1-710	47.50	47.50
02/11/2020	Special Dist Manageme	D2 01/2020	Election	1-635	84.00	84.00
02/11/2020	Special Dist Manageme	D2 01/2020	Management	1-680	450.00	450.00
02/11/2020	Special Dist Manageme	D2 01/2020	Miscellaneous	1-685	.60	.60
Total 1055:						7,022.85
<b>1056</b>						
02/11/2020	Special District Associati	2020 RENEWA	Insurance/SDA Due	1-670	373.36	373.36
Total 1056:						373.36
<b>1057</b>						
02/11/2020	Waste Management of	6273043-2514-	Trash and Recycling	1-736	601.15	601.15
Total 1057:						601.15
Grand Totals:						8,314.36

**East Creek Metropolitan District No.1**  
**March-20**

	<u>General</u>		<u>Debt</u>		<u>Capital</u>		<u>Totals</u>
Disbursements	\$ 9,920.08	\$	-	\$	-	\$	9,920.08
<b>Total Disbursements from Checking Acct</b>	<b>\$ 9,920.08</b>		<b>\$0.00</b>		<b>\$0.00</b>	<b>\$</b>	<b>9,920.08</b>

Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1058</b>						
03/17/2020	McGeady Becher P.C.	1346W 01/20	Legal	1-675	1,085.00	1,085.00
Total 1058:						1,085.00
<b>1059</b>						
03/17/2020	Metco Landscape, Inc.	541592	Landscaping	1-730	535.00	535.00
03/17/2020	Metco Landscape, Inc.	541593	Landscaping	1-730	430.00	430.00
03/17/2020	Metco Landscape, Inc.	542427	Landscaping	1-730	600.00	600.00
03/17/2020	Metco Landscape, Inc.	543160	Landscaping	1-730	695.00	695.00
03/17/2020	Metco Landscape, Inc.	543515	Landscaping	1-730	847.50	847.50
03/17/2020	Metco Landscape, Inc.	543516	Landscaping	1-730	850.00	850.00
Total 1059:						3,957.50
<b>1060</b>						
03/17/2020	Special Dist Manageme	D1 02/20	Accounting	1-612	1,288.00	1,288.00
03/17/2020	Special Dist Manageme	D1 02/20	Audit	1-615	14.00	14.00
03/17/2020	Special Dist Manageme	D1 02/20	Billing & Collection	1-721	412.50	412.50
03/17/2020	Special Dist Manageme	D1 02/20	Covenant Control/C	1-710	1,130.50	1,130.50
03/17/2020	Special Dist Manageme	D1 02/20	Election	1-635	194.00	194.00
03/17/2020	Special Dist Manageme	D1 02/20	Management	1-680	160.00	160.00
03/17/2020	Special Dist Manageme	D1 02/20	Miscellaneous	1-685	234.67	234.67
03/17/2020	Special Dist Manageme	D1 02/20	Insurance/SDA Due	1-670	70.00	70.00
03/17/2020	Special Dist Manageme	D2 02/20	Accounting	1-612	350.00	350.00
03/17/2020	Special Dist Manageme	D2 02/20	Audit	1-615	84.00	84.00
03/17/2020	Special Dist Manageme	D2 02/20	Covenant Control/C	1-710	47.50	47.50
03/17/2020	Special Dist Manageme	D2 02/20	Election	1-635	166.00	166.00
03/17/2020	Special Dist Manageme	D2 02/20	Management	1-680	14.00	14.00
03/17/2020	Special Dist Manageme	D2 02/20	Miscellaneous	1-685	10.60	10.60
Total 1060:						4,175.77
<b>1061</b>						
03/17/2020	UNCC	6200310	Miscellaneous	1-685	25.00	25.00
Total 1061:						25.00
<b>1062</b>						
03/17/2020	Waste Management of	6334469-2514-	Trash and Recycling	1-736	676.81	676.81
Total 1062:						676.81
Grand Totals:						9,920.08

East Creek Metropolitan District No.1  
April-20

	General	Debt	Capital	Totals
Disbursements	\$ 7,556.54	\$ -	\$ -	\$ 7,556.54
<b>Total Disbursements from Checking Acct</b>	<b>\$ 7,556.54</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ 7,556.54</b>



Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1063</b>						
04/14/2020	Aurora Media Group	98377	Miscellaneous	1-685	44.35	44.35
04/14/2020	Aurora Media Group	98378	Miscellaneous	1-685	44.35	44.35
Total 1063:						88.70
<b>1064</b>						
04/14/2020	McGeady Becher P.C.	1346W 02/2020	Legal	1-675	45.00	45.00
Total 1064:						45.00
<b>1065</b>						
04/14/2020	Metco Landscape, Inc.	545713	Landscaping	1-730	1,225.00	1,225.00
04/14/2020	Metco Landscape, Inc.	546188	Landscaping	1-730	2,042.50	2,042.50
04/14/2020	Metco Landscape, Inc.	546201	Landscaping	1-730	880.00	880.00
Total 1065:						4,147.50
<b>1066</b>						
04/14/2020	Special Dist Manageme	D1 03/2020	Accounting	1-612	644.00	644.00
04/14/2020	Special Dist Manageme	D1 03/2020	Audit	1-615	476.00	476.00
04/14/2020	Special Dist Manageme	D1 03/2020	Billing & Collection	1-721	541.50	541.50
04/14/2020	Special Dist Manageme	D1 03/2020	Covenant Control/C	1-710	541.50	541.50
04/14/2020	Special Dist Manageme	D1 03/2020	Election	1-635	280.00	280.00
04/14/2020	Special Dist Manageme	D1 03/2020	Management	1-680	168.50	168.50
04/14/2020	Special Dist Manageme	D1 03/2020	Miscellaneous	1-685	202.24	202.24
04/14/2020	Special Dist Manageme	D2 03/2020	Audit	1-615	112.00	112.00
04/14/2020	Special Dist Manageme	D2 03/2020	Covenant Control/C	1-710	28.50	28.50
04/14/2020	Special Dist Manageme	D2 03/2020	Election	1-635	238.00	238.00
04/14/2020	Special Dist Manageme	D2 03/2020	Management	1-680	42.50	42.50
04/14/2020	Special Dist Manageme	D2 03/2020	Miscellaneous	1-685	.60	.60
Total 1066:						3,275.34
Grand Totals:						7,556.54

**East Creek Metropolitan District No.1**  
**May-20**

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
<b>Disbursements</b>	\$ 7,633.23	\$ -	\$ -	\$ 7,633.23
<b>Total Disbursements from Checking Acct</b>	<b>\$ 7,633.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ 7,633.23</b>

Check No/ Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
<b>1067</b>						
05/14/2020	McGeady Becher P.C.	1346W 03/20	Legal	1-675	303.60	303.60
Total 1067:						303.60
<b>1068</b>						
05/14/2020	Special Dist Manageme	D1 04/20	Accounting	1-612	1,190.00	1,190.00
05/14/2020	Special Dist Manageme	D1 04/20	Billing & Collection	1-721	885.50	885.50
05/14/2020	Special Dist Manageme	D1 04/20	Covenant Control/C	1-710	1,206.50	1,206.50
05/14/2020	Special Dist Manageme	D1 04/20	Election	1-635	70.00	70.00
05/14/2020	Special Dist Manageme	D1 04/20	Insurance/SDA Due	1-670	14.00	14.00
05/14/2020	Special Dist Manageme	D1 04/20	Management	1-680	735.00	735.00
05/14/2020	Special Dist Manageme	D1 04/20	Miscellaneous	1-685	346.54	346.54
05/14/2020	Special Dist Manageme	D2 04/20	Accounting	1-612	448.00	448.00
05/14/2020	Special Dist Manageme	D2 04/20	Election	1-635	112.00	112.00
05/14/2020	Special Dist Manageme	D2 04/20	Management	1-680	14.00	14.00
05/14/2020	Special Dist Manageme	D2 04/20	Miscellaneous	1-685	1.20	1.20
Total 1068:						5,022.74
<b>1069</b>						
05/14/2020	UNCC	220040421	Miscellaneous	1-685	64.07	64.07
Total 1069:						64.07
<b>1070</b>						
05/14/2020	Waste Management of	6406083-2514-	Trash and Recycling	1-736	751.65	751.65
05/14/2020	Waste Management of	6440080-2514-	Trash and Recycling	1-736	918.11	918.11
Total 1070:						1,669.76
<b>20200501</b>						
05/14/2020	Xpress Bill Pay	48059	Billing & Collection	1-721	573.06	573.06
Total 20200501:						573.06
Grand Totals:						7,633.23

**East Creek Metropolitan District No.1**  
**June-20**

	<u>General</u>		<u>Debt</u>		<u>Capital</u>		<u>Totals</u>
Disbursements	\$ 6,699.65	\$	7,000.00	\$	-	\$	13,699.65
<b>Total Disbursements from Checking Acct</b>	<b>\$ 6,699.65</b>		<b>\$0.00</b>		<b>\$0.00</b>	<b>\$</b>	<b>13,699.65</b>

East Creek Metropolitan District No. 1

Jun-20

Vendor	Invoice #	Date	Due Date	Amount	Account Number
Aurora Media Group	98714	6/8/2020	6/11/2020	\$ 33.30	1685
McGeady Becher P.C.	1346W 04/20	4/30/2020	6/11/2020	\$ 1,669.00	1675
Special Dist Management Srvs	D2 05/2020	5/31/2020	6/11/2020	\$ 252.00	1635
Special Dist Management Srvs	D2 05/2020	5/31/2020	6/11/2020	\$ 8.79	1685
Special Dist Management Srvs	D2 05/2020	5/31/2020	6/11/2020	\$ 42.00	1680
Special Dist Management Srvs	D1 05/2020	5/31/2020	6/11/2020	\$ 238.00	1635
Special Dist Management Srvs	D1 05/2020	5/31/2020	6/11/2020	\$ 256.93	1685
Special Dist Management Srvs	D1 05/2020	5/31/2020	6/11/2020	\$ 1,282.50	1710
Special Dist Management Srvs	D1 05/2020	5/31/2020	6/11/2020	\$ 1,358.50	1680
Special Dist Management Srvs	D1 05/2020	5/31/2020	6/11/2020	\$ 588.00	1612
Special Dist Management Srvs	D1 05/2020	5/31/2020	6/11/2020	\$ 821.00	1721
UMB Bank, N.A.	737427	4/7/2020	6/11/2020	\$ 3,500.00	2668
UMB Bank, N.A.	737426	4/7/2020	6/11/2020	\$ 3,500.00	2668
UNCC	220050424	5/31/2020	6/11/2020	\$ 131.12	1685
Xpress Bill Pay	49280	6/1/2020	6/11/2020	\$ 18.51	1721
				<b>\$ 13,699.65</b>	

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**Schedule of Cash Position**  
**May 31, 2020**

	<u>Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Checking:</b>					
Cash in Bank-1st Bank		\$ 51,343.72	\$ 90,108.88	\$ -	\$ 141,452.60
<b>TOTAL FUNDS:</b>		<u>\$ 51,343.72</u>	<u>\$ 90,108.88</u>	<u>\$ -</u>	<u>\$ 141,452.60</u>

**2020 Mill Levy Information**

Certified General Fund Mill Levy	11.132
Certified Debt Service Fund Mill Levy	55.664
Certified ARI Mill Levy	1.113
Total Certified Mill Levy	<u>67.909</u>

**Board of Directors**

Glenn Nier	*
Michelle Trujillo	*
Michael Bird	*
Matthew Larsen	*
Natalie Schuzius	*
Peggy Ripko	

\*Authorized signer on Checking Account

**EAST CREEK METROPOLITAN DISTRICT NO. 1**

**FINANCIAL STATEMENTS**

**May 31, 2020**





**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**May 31, 2020**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL</u>
<b>Assets</b>					
Cash in Bank-1st Bank	\$ 51,344	\$ 90,109	\$ -	\$ -	\$ 141,453
Property Taxes Receivable	2,278	10,357	-	-	12,635
Due from Other Funds	6,010	-	-	-	6,010
UMB Sr. Bond Fund 149658.1	-	330,579	-	-	330,579
UMB Reserve Fund 149658.2	-	320,520	-	-	320,520
UMB Sr. Proj Fd Rest 658.4	-	-	404,732	-	404,732
UMB Sub Proj Fd Rest 659.2	-	-	65,247	-	65,247
Total Current Assets	<u>59,632</u>	<u>751,566</u>	<u>469,980</u>	<u>-</u>	<u>1,281,177</u>
<b>Other Debits</b>					
Amount in Debt Service Fund	-	-	-	741,209	741,209
Amount to be Provided for Debt	-	-	-	3,852,791	3,852,791
Total Other Debits	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,594,000</u>	<u>4,594,000</u>
<b>Total Assets</b>	<u>\$ 59,632</u>	<u>\$ 751,566</u>	<u>\$ 469,980</u>	<u>\$ 4,594,000</u>	<u>\$ 5,875,177</u>
<b>Liabilities</b>					
Due To District 2	\$ 8,454	\$ -	\$ -	\$ -	\$ 8,454
Bonds Payable 2019A				4,010,000	4,010,000
Bonds Payable 2019B				584,000	584,000
Total Liabilities	<u>8,454</u>	<u>-</u>	<u>-</u>	<u>4,594,000</u>	<u>4,602,454</u>
<b>Deferred Inflows of Resources</b>					
Deferred Property Taxes	2,278	10,357	-	-	12,635
Total Deferred Inflows of Resources	<u>2,278</u>	<u>10,357</u>	<u>-</u>	<u>-</u>	<u>12,635</u>
<b>Fund Balance</b>					
Fund Balance	27,094	662,186	467,615	-	1,156,894
Current Year Earnings	21,806	79,023	2,365	-	103,194
Total Fund Balances	<u>48,900</u>	<u>741,209</u>	<u>469,980</u>	<u>-</u>	<u>1,260,088</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 59,632</u>	<u>\$ 751,566</u>	<u>\$ 469,980</u>	<u>\$ 4,594,000</u>	<u>\$ 5,875,177</u>

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the 5 Months Ending**  
**May 31, 2020**

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
<b>Revenues</b>					
Property Tax Revenue	\$ 3,543	\$ 15,010	\$ 17,081	\$ (2,071)	87.9%
Specific Ownership Taxes	208	364	1,025	(661)	35.5%
O & M Fees	20,728	35,407	60,000	(24,593)	59.0%
ARI Fees	375	1,537	1,708	(171)	90.0%
Developer Advance	-	-	48,120	(48,120)	0.0%
Working Capital	6,600	6,600	-	6,600	-
Miscellaneous Income	500	500	-	500	-
<b>Total Revenues</b>	<u>31,953</u>	<u>59,422</u>	<u>127,934</u>	<u>(68,512)</u>	<u>46.4%</u>
<b>Expenditures</b>					
Accounting	2,534	4,816	8,000	3,184	60.2%
Audit	98	686	5,000	4,314	13.7%
Election	612	1,312	1,500	188	87.5%
Insurance/SDA Dues	3,622	3,636	3,500	(136)	103.9%
Legal	1,085	1,434	15,000	13,566	9.6%
Management	1,880	2,840	15,000	12,161	18.9%
Miscellaneous	853	1,638	3,000	1,362	54.6%
Treasurer's Fees	58	248	256	8	96.8%
Covenant Control/Comm Mgmt	4,693	6,470	14,345	7,876	45.1%
Drainage	-	-	2,000	2,000	0.0%
Billing & Collection	914	2,914	7,200	4,286	40.5%
Landscaping	3,958	8,105	28,480	20,375	28.5%
Fencing	-	-	1,500	1,500	0.0%
Trash and Recycling	1,848	3,518	200	(3,318)	1758.9%
Park	-	-	4,680	4,680	0.0%
Utilities	-	-	7,500	7,500	0.0%
Monuments	-	-	1,000	1,000	0.0%
Mailboxes	-	-	750	750	0.0%
Contingency	-	-	3,000	3,000	0.0%
Covenant Enforcement - Legal	-	-	2,500	2,500	0.0%
<b>Total Expenditures</b>	<u>22,155</u>	<u>37,616</u>	<u>124,411</u>	<u>86,795</u>	<u>30.2%</u>
Excess (Deficiency) of Revenues Over Expenditures	9,799	21,806	3,523	18,283	
<b>Transfers and Other Sources (Uses)</b>					
Emergency Reserve	-	-	(3,838)	3,838	
ARI Fees	-	-	(1,708)	1,708	
Transfer from District No. 2	-	-	5,122	(5,122)	
<b>Total Transfers and Other Sources</b>	<u>-</u>	<u>-</u>	<u>(424)</u>	<u>424</u>	
Change in Fund Balance	9,799	21,806	3,099	18,707	
Beginning Fund Balance	39,101	27,094	14,994	12,100	
<b>Ending Fund Balance</b>	<u>\$ 48,900</u>	<u>\$ 48,900</u>	<u>\$ 18,093</u>	<u>\$ 30,807</u>	

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**For the 5 Months Ending**  
**May 31, 2020**

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
<b>Revenues</b>					
Property Tax Revenue	\$ 17,715	\$ 75,055	\$ 85,412	\$ (10,357)	87.9%
Specific Ownership Taxes	1,040	1,819	5,125	(3,306)	35.5%
Interest Income	2,715	3,718	4,000	(282)	93.0%
<b>Total Revenues</b>	<u>21,470</u>	<u>80,592</u>	<u>94,537</u>	<u>(13,945)</u>	<u>85.2%</u>
<b>Expenditures</b>					
Bond Interest	-	-	105,263	105,263	0.0%
Paying Agent Fees	362	443	1,500	1,057	29.6%
Treasurer's Fees	266	1,126	1,281	155	87.9%
<b>Total Expenditures</b>	<u>628</u>	<u>1,569</u>	<u>108,044</u>	<u>106,475</u>	<u>1.5%</u>
Excess (Deficiency) of Revenues Over Expenditures	20,842	79,023	(13,507)	92,530	
<b>Other Financing Sources (Uses)</b>					
Transfer From District No. 2	-	-	15,369	(15,369)	
<b>Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>15,369</u>	<u>(15,369)</u>	
Change in Fund Balance	20,842	79,023	1,862	77,161	
Beginning Fund Balance	720,367	662,186	662,009	177	
<b>Ending Fund Balance</b>	<u>\$ 741,209</u>	<u>\$ 741,209</u>	<u>\$ 663,871</u>	<u>\$ 77,338</u>	

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the 5 Months Ending**  
**May 31, 2020**

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
<b>Revenues</b>					
Interest Income	\$ 1,960	\$ 2,684	\$ 1,000	\$ 1,684	268.4%
<b>Total Revenues</b>	<u>1,960</u>	<u>2,684</u>	<u>1,000</u>	<u>1,684</u>	<u>268.4%</u>
<b>Expenditures</b>					
Miscellaneous	261	319	469,000	468,681	0.1%
<b>Total Expenditures</b>	<u>261</u>	<u>319</u>	<u>469,000</u>	<u>468,681</u>	<u>0.1%</u>
Excess (Deficiency) of Revenues Over Expenditures	1,699	2,365	(468,000)	470,365	
Beginning Fund Balance	468,281	467,615	468,000	(385)	
<b>Ending Fund Balance</b>	<u><u>\$ 469,980</u></u>	<u><u>\$ 469,980</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 469,980</u></u>	



# SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579  
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086  
FAX: 720.348.2920

\_\_\_\_\_, 2020

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, 2019, and have issued our report thereon dated \_\_\_\_\_, 2020. 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.

## Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter dated November 1, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

## Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties may have lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in June 2020, and we issued our report on \_\_\_\_\_, 2020.

## 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 2019.

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. See Exhibit I for corrected misstatements noted during the audit.

#### *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 \_\_\_\_\_, 2020.

#### *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.

Other Matters

We were engaged to report on supplementary information, 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, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and 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.

Adj. Journal Entries  
East Creek Metro District #1  
12/31/2019

Done by:	Date:	Index:
Reviewer:	Date:	

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Developer Advances	CC wps	1-550		11,250.00
1	Fund Balance		1-450	11,250.00	

To adjust beginning balance for developer advances.

2	Working Capital Fee	B-2	1-552	3,829.59	
2	Operations Fee		1-555		701.11
2	Prepaid Customer Balances		1-335		3,128.48

To record prepaid customer balance at December 31, 2019.

3	Due to District 2	300	1-330	998.90	
3	Intergovernmental revenue - EC Metr		1-520		998.90
3	Due from District #2		1-145		6,010.33
3	Accounting		1-612	981.90	
3	Audit		1-615	14.00	
3	Election		1-635	14.00	
3	Management		1-680	4,702.10	
3	Miscellaneous		1-685	298.33	

To record intergovernmental revenue from District #2 for net taxes received in 2019 and record expense for District #2.

4	Cash in Bank - First Bank	CC-7	1-100	6,065.00	
4	Legal		1-675		4,000.00
4	Fund Balance		1-450		2,065.00
4	Cash in Bank - First Bank		2-100		6,065.00
4	Bond issuance costs		2-618	6,065.00	

To reclassify reimbursement for legal bond costs to the General Fund for 2018 and 2019.

Totals

	34,218.82	34,218.82
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**EAST CREEK  
METROPOLITAN DISTRICT NO. 1  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

DRAFT 6/21/2020

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## SCHILLING & COMPANY, INC.

*Certified Public Accountants*

P.O. Box 631579  
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086  
FAX: 720.348.2920

### **Independent Auditor's Report**

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

#### **Report on the Financial Statements**

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility 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.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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, 2019, 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.

## Other-Matters

### *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.

### *Other 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.

The supplemental 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.

The other information listed in the table of contents 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.

Highlands Ranch, Colorado  
                    , 2020

**BASIC FINANCIAL STATEMENTS**

DRAFT 6/21/2020

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES**  
**December 31, 2019**

**ASSETS**

Cash and investments - unrestricted	\$ 29,501
Cash and investments - restricted	1,123,736
Cash with County Treasurer	205
Property taxes receivable	104,201
Prepaid expense	3,179
Total assets	1,260,822

**LIABILITIES**

Accounts payable	4,738
Prepaid customer accounts	3,128
Accrued interest payable	8,772
Bonds and advances payable	
Due in more than one year	5,194,547
Total liabilities	5,211,185

**DEFERRED INFLOWS OF RESOURCES**

Property tax revenue	104,201
Total deferred inflows of resources	104,201

**NET POSITION**

Restricted for emergencies	1,500
Restricted for debt service	647,349
Restricted for capital	3,854
Unrestricted	(4,707,267)
Total net position	\$ (4,054,564)

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL ACTIVITIES**  
**Year Ended December 31, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 61,039	\$ 15,070	\$ 999	\$ -	\$ (44,970)
Interest and fiscal charges	624,225	-	-	-	(624,225)
	<u>\$ 685,264</u>	<u>\$ 15,070</u>	<u>\$ 999</u>	<u>\$ -</u>	<u>(669,195)</u>
General revenues:					
Taxes:					
					31,374
					2,460
					19,461
					50
					<u>53,345</u>
					<u>(3,421,822)</u>
					(4,037,672)
					<u>(16,892)</u>
					<u>\$ (4,054,564)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**EAST CREEK METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments - unrestricted	\$ 29,501	\$ -	\$ -	\$ 29,501
Cash and investments - restricted	-	656,121	467,615	1,123,736
Cash with County Treasurer	205	-	-	205
Accounts receivable	-	-	-	-
Property tax receivable	17,081	87,120	-	104,201
Prepaid expenditures	3,179	-	-	3,179
<b>TOTAL ASSETS</b>	<u>\$ 49,966</u>	<u>\$ 743,241</u>	<u>\$ 467,615</u>	<u>\$ 1,260,822</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,738	\$ -	\$ -	\$ 4,738
Prepaid customer accounts	3,128	-	-	3,128
Total liabilities	<u>7,866</u>	<u>-</u>	<u>-</u>	<u>7,866</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	17,081	87,120	-	104,201
Total deferred inflows of resources	<u>17,081</u>	<u>87,120</u>	<u>-</u>	<u>104,201</u>
<b>FUND BALANCES</b>				
Nonspendable - prepaid items	3,179	-	-	3,179
Spendable:				
Restricted for:				
Emergencies	1,500	-	-	1,500
Debt service	-	656,121	-	656,121
Capital	-	-	467,615	467,615
Assigned for subsequent year's expenditures	315	-	-	315
Unassigned	20,025	-	-	20,025
Total fund balances	<u>25,019</u>	<u>656,121</u>	<u>467,615</u>	<u>1,148,755</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 49,966</u>	<u>\$ 743,241</u>	<u>\$ 467,615</u>	

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

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	(4,594,000)
Developer advances	(535,341)
Accrued interest payable - 2019A bonds	(8,772)
Accrued interest payable - 2019B bonds	(34,474)
Accrued interest payable - developer advances	(30,732)
	<u>(5,203,319)</u>
Net position of governmental activities	<u>\$ (4,054,564)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.



**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property tax	\$ 31,374	\$ -	\$ -	\$ 31,374
Specific ownership tax	2,460	-	-	2,460
Net investment income	11	12,122	7,328	19,461
Working capital fee	5,770	-	-	5,770
Operations fee	9,300	-	-	9,300
IGA revenue - East Creek Metro District No. 2	999	-	-	999
Miscellaneous	50	-	-	50
Total revenues	<u>49,964</u>	<u>12,122</u>	<u>7,328</u>	<u>69,414</u>
<b>EXPENDITURES</b>				
Current				
Management fees	19,322	-	-	19,322
Billing services	1,176	-	-	1,176
Accounting	10,814	-	-	10,814
Audit	42	-	-	42
Legal	11,081	-	-	11,081
Insurance	2,618	-	-	2,618
Election expense	28	-	-	28
Miscellaneous	5,579	-	713	6,292
County Treasurer's fees	471	-	-	471
Covenant control	4,172	-	-	4,172
Landscape maintenance	4,002	-	-	4,002
Trash and recycling	1,021	-	-	1,021
Debt service				
Bond interest	-	131,578	-	131,578
Paying agent fees and other fees	-	10,197	-	10,197
Bond issuance costs	-	289,866	-	289,866
Developer reimbursement - principal	-	-	2,938,754	2,938,754
Developer reimbursement - interest	-	-	118,606	118,606
Total expenditures	<u>60,326</u>	<u>431,641</u>	<u>3,058,073</u>	<u>192,617</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(10,362)</u>	<u>(419,519)</u>	<u>(3,050,745)</u>	<u>(3,480,626)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer advances	52,273	-	-	52,273
Bond proceeds	-	4,594,000	-	4,594,000
Transfer to other funds	-	(3,518,360)	-	(3,518,360)
Transfer from other funds	-	-	3,518,360	3,518,360
Total other financing sources (uses)	<u>52,273</u>	<u>1,075,640</u>	<u>3,518,360</u>	<u>4,646,273</u>
<b>NET CHANGE IN FUND BALANCES</b>	41,911	656,121	467,615	1,165,647
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR</b>	(16,892)	-	-	(16,892)
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 25,019</u>	<u>\$ 656,121</u>	<u>\$ 467,615</u>	<u>\$ 1,148,755</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**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, 2019**

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	\$ 1,165,647
<p>The repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, it has no effect on net position.</p>	
Developer advances - principal	2,938,754
<p>The issuance of long-term debt provides for current financial resources of governmental funds. However, it has no effect on net position.</p>	
Bond proceeds	(4,594,000)
Developer advances - operating	(52,273)
Developer advances for capital assets conveyed directly to City	(3,421,822)
	(8,068,095)
<p>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.</p>	
Change in accrued interest payable - bonds	(43,246)
Change in accrued interest payable - developer advances	(30,732)
	(73,978)
Change in net position - Governmental activities	\$ (4,037,672)

These financial statements should be read only in connection with the accompanying notes to financial statements.

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2019**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>			
Property tax	\$ 31,374	\$ 31,374	\$ -
Specific ownership taxes	-	2,460	2,460
Net investment income	-	11	11
Operations fee	4,410	5,770	1,360
Working capital fee	-	9,300	9,300
IGA revenue - East Creek Metro District No. 2	-	999	999
Miscellaneous	-	50	50
Total Revenues	<u>35,784</u>	<u>49,964</u>	<u>14,180</u>
<b>EXPENDITURES</b>			
Management fees	15,000	19,322	(4,322)
Billing services	-	1,176	(1,176)
Accounting	8,000	10,814	(2,814)
Audit	1,000	42	958
Legal	15,000	11,081	3,919
Insurance	3,500	2,618	882
Election expense	-	28	(28)
Miscellaneous	3,000	5,579	(2,579)
County Treasurer's fees	471	471	-
Covenant control	14,345	4,172	10,173
Drainage	2,000	-	2,000
Landscape maintenance	28,480	4,002	24,478
Fencing	1,500	-	1,500
Park	4,680	-	4,680
Utilities	7,500	-	7,500
Monuments	1,000	-	1,000
Mailboxes	750	-	750
Trash and recycling	-	1,021	(1,021)
Contingency	3,000	-	3,000
Emergency reserves	1,500	-	1,500
Total Expenditures	<u>110,726</u>	<u>60,326</u>	<u>50,400</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(74,942)</u>	<u>(10,362)</u>	<u>64,580</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advances	77,440	52,273	(25,167)
Total other financing sources (uses)	<u>77,440</u>	<u>52,273</u>	<u>(25,167)</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,498	41,911	39,413
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	(16,892)	(16,892)
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,498</u>	<u>\$ 25,019</u>	<u>\$ 22,521</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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.

In June 2008, the District entered into a Memorandum of Understanding (the MOU) with East Creek Metropolitan District No. 2 (District No. 2). 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 or privileges provided by a given function or segment and 2) grants and contributions that are

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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 and specific ownership taxes. 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 General Fund 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund 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

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requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget in the Debt Service Fund and Capital Projects Funds for the year ended December 31, 2019 for a bond issuance and repayment of developer advances.

**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. Any construction in process that will be dedicated to another entity is not depreciated. At December 31, 2019, the District had no depreciable assets as all assets were conveyed directly the City of Aurora by Meritage Homes, Inc. (the Developer) in 2019.

**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.

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**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 sources while discounts 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:

Nonspendable fund balance—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.

Restricted fund balance—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.

Committed fund balance—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.

Assigned fund balance—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.

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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. The Operations Fee is billed in quarterly amounts of \$180 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, 2019 are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 29,501
Cash and investments - restricted	<u>1,123,736</u>
	<u><u>\$ 1,153,237</u></u>

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

Deposits with financial institutions	\$ 37,797
Investments	<u>1,115,440</u>
	<u><u>\$ 1,153,237</u></u>

**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.



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At December 31, 2019, the District's cash deposits had a bank balance of \$47,595 and carrying balance of \$37,797.

**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, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ <u>1,115,440</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), 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 COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST is rated AAAM by Standard and Poor's. A designated custodial bank serves as custodian for COLOTRUST's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at [www.colotruster.com](http://www.colotruster.com).

**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

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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.

**Restricted Cash and Investments**

At December 31, 2019, cash and investments in the amount of \$1,123,736 are restricted for debt service in accordance with the indenture of trust related to the Series 2019A and B General Obligation Bonds (See Note 4).

**NOTE 4 – LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

	<b>Balance at December 31, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at December 31, 2019</b>	<b>Due Within One Year</b>
General Obligation Bonds					
2019A	\$ -	\$ 4,010,000	\$ -	\$ 4,010,000	\$ -
2019B	-	584,000	-	584,000	-
Accrued interest on					
2019B bonds	-	34,474	-	34,474	-
Developer Advances - Capital	-	3,421,822	(2,938,754)	483,068	-
Accrued interest on					
Developer advances	-	146,028	(118,605)	27,423	-
Developer Advances - Ops	-	52,273	-	52,273	-
Accrued interest on					
Developer advances	-	3,309	-	3,309	-
	<u>\$ -</u>	<u>\$ 8,251,906</u>	<u>\$ (3,057,359)</u>	<u>\$ 5,194,547</u>	<u>\$ -</u>

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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 10, 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 2020 collection.

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, 2019, the balance was \$321,384.

Pledged revenue not required for the payment of the 2019A Bonds or the Reserve Fund shall be credited to the Surplus Fund in a maximum amount of \$401,000. At December 31, 2019, the balance was \$0.

Series 2019B

On April 20, 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.

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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 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 the 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 or the date the cost was incurred by the Developer, whichever is later.

*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, 2019, the District owed the Developer \$483,068 in principal and \$27,423 in interest under the FFA Agreement.

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**2018 Operation Funding Agreement**

The District and Meritage Homes of Colorado, Inc (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 the Operation Funding Agreement (the First Amendment). 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, 2019, the District owed the Developer \$52,273 in principal and \$3,309 in interest under the 2018 OFA.

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

Year Ending December 31,	Principal	Interest	Total
2020	\$ -	\$ 210,525	\$ 210,525
2021	-	210,525	210,525
2022	15,000	210,525	225,525
2023	40,000	209,738	249,738
2024	50,000	207,638	257,638
2025-2029	315,000	995,136	1,310,136
2030-2034	495,000	894,337	1,389,337
2035-2039	710,000	743,136	1,453,136
2040-2044	1,000,000	528,152	1,528,152
2045-2048	1,385,000	211,575	1,596,575
	<u>\$ 4,010,000</u>	<u>\$ 4,421,287</u>	<u>\$ 8,431,287</u>

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.

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DECEMBER 31, 2019**

**NOTE 5 – DEBT AUTHORIZATION**

At December 31, 2019, the District had the following authorized by unissued indebtedness:

	<b>Authorized May 3, 2018 Election</b>	<b>Authorization Used *</b>	<b>Remaining at December 31, 2019</b>
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
	<u>\$ 126,587,227</u>	<u>\$ 4,594,000</u>	<u>\$ 121,993,227</u>

\* 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 6 – 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 1.113 mills for collection in 2020.

**EAST CREEK METROPOLITAN DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – FUND EQUITY**

At December 31, 2019, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$3,179 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 \$1,500 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 \$656,121 is to be used exclusively for debt service requirements (see Note 4). The restricted fund balance in the Capital Projects Fund in the amount of \$467,615 is to be used exclusively for capital projects allowed by the 2019A and 2019B Bond documents (see Note 4).

**NOTE 8 - NET POSITION**

The District's net position consists of two components – restricted and unrestricted.

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, 2019 is as follows:

Restricted net position:	
Emergency reserves (see Note 11)	\$ 1,500
Debt Service	647,349
Capital	<u>3,854</u>
	<u><u>\$ 652,703</u></u>

The District's unrestricted net position at December 31, 2019 totaled \$(4,707,267). 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 9 – RELATED PARTIES**

The property with the District is being developed by the Developer. During 2019, all of the members of the Board of Directors were officers or employees for, or otherwise associated with the Developer and may have conflicts of interest in matters involving the District.

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
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**DECEMBER 31, 2019**

**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, 2019. 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.

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



**SUPPLEMENTAL INFORMATION**

DRAFT 6/21/2020

**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, 2019**

	<b>Original Budgeted Amounts</b>	<b>Original and Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Net investment income	\$ -	\$ -	\$ 12,122	\$ 12,122
Total Revenues	-	-	12,122	12,122
<b>EXPENDITURES</b>				
Bond interest	-	131,578	131,578	-
Paying agent and other fees	-	10,197	10,197	-
Bond issuance costs	-	289,866	289,866	-
Contingency	-	1,049,999	-	1,049,999
Total Expenditures	-	1,481,640	431,641	1,049,999
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	(1,481,640)	(419,519)	1,062,121
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	5,000,000	4,594,000	(406,000)
Transfers to other funds	-	(3,518,360)	(3,518,360)	-
Total other financing sources (uses)	-	1,481,640	1,075,640	(406,000)
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	656,121	656,121
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>				
	\$ -	\$ -	\$ 656,121	\$ 656,121

**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, 2019**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Net investment income	\$ -	\$ -	\$ 7,328	\$ 7,328
Total Revenues	<u>-</u>	<u>-</u>	<u>7,328</u>	<u>7,328</u>
<b>EXPENDITURES</b>				
Miscellaneous	-	-	713	(713)
Developer reimbursement - principl	-	5,000,000	2,938,755	2,061,245
Developer reimbursement - interest	-	-	118,605	(118,605)
Total Expenditures	<u>-</u>	<u>5,000,000</u>	<u>3,058,073</u>	<u>1,941,927</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>(5,000,000)</u>	<u>(3,050,745)</u>	<u>1,949,255</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	5,000,000	3,518,360	(1,481,640)
Total other financing sources (uses)	<u>-</u>	<u>5,000,000</u>	<u>3,518,360</u>	<u>(1,481,640)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	467,615	467,615
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,615</u>	<u>\$ 467,615</u>

**OTHER INFORMATION**

DRAFT 6/21/2020

**EAST CREEK METROPOLITAN DISTRICT NO. 1  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
Year Ended December 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied				Property Taxes		Percentage Collected to Levied
		General	Debt	ARI	Total	Levied	Collected	
2019	\$ 480,625	65.277	0.000	0.000	65.277	\$ 31,374	\$ 31,374	100.0%
Estimated for year ending December 31, 2020	\$ 1,534,415	11.132	55.664	1.113	67.909	\$ 104,201		

**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.

DRAFT 6/21/2020

**EAST CREEK METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2019**

**\$4,010,000 General Obligation Limited Tax**  
**(Convertible to Unlimited Tax) Bonds, Series 2019A**  
**Dated April 10, 2019**  
**Interest Rate of 5.250%**  
**Principal Due December 1**

Year Ending December 31,	Interest Due June 1 and December 1		
	Principal	Interest	Total
2020	\$ -	\$ 210,525	\$ 210,525
2021	-	210,525	210,525
2022	15,000 *	210,525	225,525
2023	40,000 *	209,738	249,738
2024	50,000 *	207,638	257,638
2025	50,000 *	205,013	255,013
2026	60,000 *	202,386	262,386
2027	60,000 *	199,237	259,237
2028	70,000 *	196,088	266,088
2029	75,000 *	192,412	267,412
2030	85,000 *	188,475	273,475
2031	90,000 *	184,012	274,012
2032	100,000 *	179,287	279,287
2033	105,000 *	174,038	279,038
2034	115,000 *	168,525	283,525
2035	120,000 *	162,487	282,487
2036	135,000 *	156,187	291,187
2037	140,000 *	149,100	289,100
2038	155,000 *	141,750	296,750
2039	160,000 *	133,612	293,612
2040	175,000 *	125,213	300,213
2041	185,000 *	116,025	301,025
2042	200,000 *	106,313	306,313
2043	210,000 *	95,813	305,813
2044	230,000 *	84,788	314,788
2045	240,000 *	72,713	312,713
2046	260,000 *	60,112	320,112
2047	270,000 *	46,463	316,463
2048	615,000	32,287	647,287
	<u>\$ 4,010,000</u>	<u>\$ 4,421,287</u>	<u>\$ 8,431,287</u>

\* sinking fund redemptions

**EAST CREEK METROPOLITAN DISTRICT NO. 1**

\_\_\_\_\_, 2020

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, 2019, and the respective changes in financial for the year then ended, and the related notes to 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 November 1, 2019.
- 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.
- 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 the requirements of 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, 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 entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of 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 identity of the District's related parties and all the related party relationships and transactions 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, if any.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) 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.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) 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.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. 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 related notes.
- 28) 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.
- 29) 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.
- 30) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
- 32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 33) 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.

- 34) Components of net position (restricted and unrestricted), and components of fund balance (nonspendable, restricted, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.
- 36) 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.
- 37) 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.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) 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.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) 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.
- 44) With respect to the Supplementary Information as listed in the table of contents:
  - 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.
- 45) 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.

46) 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

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Member of the Board of Directors

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District Accountant

Adj. Journal Entries  
East Creek Metro District #1  
12/31/2019

Done by:	Date:	Index:
Reviewer:	Date:	

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Developer Advances	CC wps	1-550		11,250.00
1	Fund Balance		1-450	11,250.00	

To adjust beginning balance for developer advances.

2	Working Capital Fee	B-2	1-552	3,829.59	
2	Operations Fee		1-555		701.11
2	Prepaid Customer Balances		1-335		3,128.48

To record prepaid customer balance at December 31, 2019.

3	Due to District 2	300	1-330	998.90	
3	Intergovernmental revenue - EC Metr		1-520		998.90
3	Due from District #2		1-145		6,010.33
3	Accounting		1-612	981.90	
3	Audit		1-615	14.00	
3	Election		1-635	14.00	
3	Management		1-680	4,702.10	
3	Miscellaneous		1-685	298.33	

To record intergovernmental revenue from District #2 for net taxes received in 2019 and record expense for District #2.

4	Cash in Bank - First Bank	CC-7	1-100	6,065.00	
4	Legal		1-675		4,000.00
4	Fund Balance		1-450		2,065.00
4	Cash in Bank - First Bank		2-100		6,065.00
4	Bond issuance costs		2-618	6,065.00	

To reclassify reimbursement for legal bond costs to the General Fund for 2018 and 2019.

Totals

	34,218.82	34,218.82
	34,218.82	34,218.82

## **Document Retention Policy**

### **Types of Documents**

In representing you we will or may take possession of, create, and/or keep various types of documents. These consist of documents you provide to us, documents which constitute the District's official public record, and internal documents we create to assist us in providing services to you.

### **Documents You Provide to Us**

It is our policy to copy and return original documents you provide to us as soon as practicable. Exceptions to this policy are original documents which should be kept as part of the District's official public record, instances where we must have an original document to represent you, or cases where we have affirmatively agreed retain a document for safekeeping.

### **The District's Record**

As a part our engagement, we will maintain the District's official public Record (the "**Record**"). The Record is a highly useful and detailed compilation of documents reflecting the official actions of the District and serves multiple functions. First, it collects those documents which the public is entitled to inspect and copy under various state and federal public records and freedom of information statutes. Second, it organizes the records of the District – such as its contracts, land and title records, and easements - in a manner which is useful in conducting the ongoing business of the District. Third, the Record helps expedite the District's annual audit process. Fourth, in the event you should change legal counsel or employ in-house counsel, the Record will enable that counsel to understand the status and assume representation of the District with maximum efficiency.

The Record includes the District's organizational documents, fully-executed agreements which are still in effect, rules, regulations, resolutions adopted by the District, official minutes books, meeting notices, agendas, insurance policies, District maps, election records, bond documents, audit documents, and many more. A comprehensive list of documents comprising the Record is available from us at any time upon request.

Creating and maintaining the Record is an important and complex task, and you agree to pay our actual costs and hourly fees associated with doing this.

### **Supplemental Documents**

All other documents created in course of representing you are referred to as Supplemental Documents. These include our notes, drafts, memoranda, worksheets, electronic communications, and other electronic documents stored in various media or file servers.

### **Documents We Retain**

Except as provided in this Document Retention Policy or an amendment thereto, we will keep the Record and any original documents accepted by us for safekeeping so long as we represent you.

### **Delivery of the Record**

Once a matter is concluded or our representation terminated, we deliver the original, printed Record, together with any original documents we have accepted for safekeeping, to you or the District's designee, provided our fees and costs have been paid in full. If you do not designate someone to receive these records, we will deliver them to a then-current officer or director of the District. If we are unable to deliver these documents because of your failure to designate a recipient, we may retain, destroy, or otherwise dispose of them in manner which assures their continued confidentiality within thirty (30) days following the conclusion of a matter or the termination of our representation.

We will also confidentially destroy the Record of any District in our possession if a final order of dissolution of the District is entered.

All other documents, including all Supplemental Documents, are routinely, periodically, confidentially, and permanently purged by us once they are no longer useful to us in providing services to you.