

**NOTICE OF MEETING
OF THE BOARD OF DIRECTORS OF THE
CHERRY HILLS NORTH METROPOLITAN DISTRICT**

October 11, 2018

Please take notice the meeting of the Board of Directors of the Cherry Hills North Metropolitan District will be held at Duffey's Patio Café, located at 4994 E Hampden Avenue, Denver, Colorado on Thursday, October 18, 2018 at 7:30 a.m. Business to be conducted at the meeting will include:

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1. Public Comment	
2. Approval of the Minutes August 9, 2018	1
3. Financial Reports September 30, 2018	3
4. Accounts Payable October 18, 2018	7
5. 2019 Budget Hearing	8
6. Old Business	
7. New Business	
8. Adjournment	

Next tentatively scheduled meetings:

November 8, 2018

January 10, 2019

RECORD OF PROCEEDINGS
THE BOARD OF DIRECTORS
CHERRY HILLS NORTH METROPOLITAN DISTRICT

A meeting of the Board of Directors of Cherry Hills North Metropolitan District was held at Duffey's Bakery Patio Cafe, 4994 E. Hampden Avenue, Denver, Colorado 80110 at the hour of 7:30 a.m. on the 9th day of August 2018.

Present were: Harold Roberts, President
 Dan Conway, Vice President
 Geoff Landry, Treasurer
 Keith Bierman, Secretary
 Marcus McAskin, Director
 Darcy Beard, CPA

Guests: None

Director Roberts noted that a quorum of the Board was present and therefore called the meeting of the Board of Directors of the Cherry Hills North Metropolitan District to order.

APPROVAL OF MINUTES

The minutes of the meeting held May 10, 2018 were reviewed. Director Conway made a motion to approve the minutes. The motion was seconded by Director Bierman upon vote, the minutes were approved.

FINANCIAL REPORT

Ms. Beard distributed the compilation report for the seven months ending July 31, 2018. Director Conway made a motion to accept the compilation report. The motion was seconded by Director Roberts, upon vote, unanimously passed.

CASH DISBURSEMENTS

Ms. Beard presented the Schedule of Cash Disbursements totaling \$11,686.97. After review, Director Conway, made a motion to approve the cash disbursements. The motion was seconded by Director Bierman, upon vote unanimously approved.

CONSIDERATION OF REQUEST FOR JOINT DISTRICT MEETING

The Directors reviewed correspondence dated July 18, 2018 from Hillcrest Water & Sanitation District requesting a meeting to renegotiate the existing IGA effective January 1, 2011 between Hillcrest Water and Sanitation District, Mansfield Heights Water and Sanitation District, Cherry Hills North Metropolitan District, Cherry Hills Village Sanitation District and Devonshire Heights Water and Sanitation District; to create rules and regulations allowing the Hillcrest Board the authority to require repairs be made or changes be made to ensure only wastewater is entering

the system; and to form an Authority to be the enforcing body for all districts. After review of the correspondence, the Directors reviewed and discussed a response prepared by Director Roberts to the request. The Directors reached a consensus on revisions to the response.

2019 BUDGET

Ms. Beard presented the proposed 2019 budget. After discussion, the Directors set the 2019 Budget Hearing for October 18, 2018 at 7:30 a.m. Ms. Beard will publish notice of the 2019 Budget Hearing as required.

MEETING SCHEDULE

The Directors reached a consensus to cancel the regularly scheduled meeting for September and set the next meeting date for October 18th at 7:30 a.m.

ADJOURNMENT

There being no further business to come before the Board, and upon motion duly made, second and unanimously carried, the meeting was adjourned at 8:15 a.m.

MINUTES APPROVED:

Harold Roberts

Daniel Conway

Geoff Landry

Marcus McAskin

Keith Bierman

**DARCY BEARD
CERTIFIED PUBLIC ACCOUNTANT
20363 E. TOP-T RANCH PLACE
PARKER, COLORADO 80134
Mobile 303-594-5488**

Accountant's Compilation Report

Board of Directors
Cherry Hills North Metropolitan District

I have compiled the accompanying Treasurer's Report of Cherry Hills North Metropolitan District and the related Statement of Net Assets and Statement of Revenues and Expenditures for the nine months ending September 30, 2018. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with the Statements for Accounting and Review Services issued by the American Institute for Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenue and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Cherry Hills North Metropolitan District.

Darcy Beard
Certified Public Accountant
October 12, 2018

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
TREASURER'S REPORT**

January 1, 2018 through September 30, 2018

<u>REVENUES</u>	ACTUAL <u>2018</u>	BUDGET <u>2018</u>	BUDGET <u>REMAINING</u>
Property Taxes	\$ 96,439.90	\$ 96,440	\$ 0
Ownership Taxes	5,110.46	7,200	2,090
Investment Income	4,553.10	3,675	(878)
TOTAL REVENUES	\$ 106,103.46	\$ 107,315	\$ 1,212
<u>EXPENDITURES</u>			
Accounting/Management Expense	\$ 6,641.25	\$ 12,000.00	\$ 5,359
Audit Expense	415.00	750.00	335
Capital Outlay	-	86,250	86,250
County Fees	1,447.42	1,447	(0)
Dues	362.14	400	38
Election Expense	92.90	1,000	907
Engineering Expense	3,731.25	10,000	6,269
Entrance Maintenance	-	11,000	11,000
Hillcrest Outfall Line Expense	5,078.07	31,647	26,569
Insurance & Directors Bonds	1,927.09	2,200	273
Legal Fees	-	1,000	1,000
Line Maintenance & Repair	5,699.40	12,000	6,301
Office Expense	101.99	650	548
Sewer Treatment Charge	23,018.25	30,691	7,673
Utilities	1,018.11	1,500	482
	-	-	-
TOTAL EXPENDITURES	\$ 49,532.87	\$ 202,535	\$ 153,002

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2018**

ASSETS

First Bank Checking	\$	45,525.75
First Bank Savings		16,138.63
ColoTrust Plus		298,312.15
Outfall Line Reserve		975.00
Accrued Interest Receivable		-
Property Tax Receivable		0.10
Prepaid Insurance		-
Capital Assets - Net		<u>89,589.60</u>
TOTAL ASSETS	\$	<u><u>450,541.23</u></u>

LIABILITIES & NET ASSETS

Accounts Payable	\$	(7,442.49)
Deferred Property Tax		<u>0.10</u>
Total Current Liabilities	\$	(7,442.39)

NET ASSETS

Net Assets - Unrestricted		401,413.03
Change in Net Assets		<u>56,570.59</u>
Total Net Assets		<u>457,983.62</u>

TOTAL LIABILITIES & NET ASSETS	\$	<u><u>450,541.23</u></u>
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**CHERRY HILLS NORTH METROPOLITAN DISTRICT
STATEMENT OF REVENUES & EXPENDITURES
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2018**

REVENUES

Property Taxes	\$ 96,439.90
Ownership Taxes	5,110.46
Investment Income	<u>4,553.10</u>
TOTAL REVENUES	\$ 106,103.46

EXPENDITURES

Accounting/Management Expense	\$ 6,641.25
Audit Expense	415.00
Capital Outlay	-
County Fees	1,447.42
Dues	362.14
Election Expense	92.90
Engineering Expense	3,731.25
Entrance Maintenance	-
Hillcrest Outfall Line Expense	5,078.07
Insurance & Directors Bonds	1,927.09
Legal Fees	-
Line Maintenance & Repair	5,699.40
Office Expense	101.99
Sewer Treatment Charge	23,018.25
Utilities	<u>1,018.11</u>
TOTAL EXPENDITURES	<u>\$ 49,532.87</u>

Change in Net Assets	\$ 56,570.59
Net Assets - Beginning of Year	<u>\$ 401,413.03</u>
Net Assets - End of Month	<u><u>\$ 457,983.62</u></u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
CASH DISBURSEMENTS
October 18, 2018**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHECK NUMBER</u>		<u>TOTAL</u>
Darcy Beard CPA	Acctg/Mgmt	2505	\$ 2,040.00	\$ 2,062.00
	Office Supplies		22.00	
The Villager Legals	Budget Notice	2506		39.32
Xcel Energy (Aug-Sept 2018)	Utilities	2507		230.26
Xcel Energy (Estimated Oct - Nov)	Utilities	2508		265.00
				-
TOTAL CASH DISBURSEMENTS				<u>\$ 2,596.58</u>

**CHERRY HILLS NORTH METROPOLITAN DISTRICT
2019 BUDGET**

	<u>2017 ACTUAL</u>	<u>2018 ADOPTED BUDGET</u>	<u>2018 FORECAST OPERATION</u>	<u>2019 BUDGET</u>
<u>RECEIPTS</u>				
TAXES - PROPERTY	\$ 89,334	\$ 96,440	\$ 96,440	\$ 97,475
TAXES - OWNERSHIP	7,650	7,200	6,200	6,200
INVESTMENT INCOME	3,492	3,675	6,300	7,100
TOTAL RECEIPTS	<u>\$ 100,476</u>	<u>\$ 107,315</u>	<u>\$ 108,940</u>	<u>\$ 110,775</u>
BALANCE JANUARY 1	<u>355,627</u>	<u>309,050</u>	<u>310,848</u>	<u>343,754</u>
TOTAL RECEIPTS & BEG BALANCE	<u>\$ 456,103</u>	<u>\$ 416,365</u>	<u>\$ 419,788</u>	<u>\$ 454,529</u>
<u>EXPENDITURES</u>				
ACCOUNTING	\$ 8,650	\$ 12,000	\$ 8,700	\$ 10,000
AUDIT EXPENSE	300	750	415	1,000
CAPITAL OUTLAY	78,817	86,250	-	86,250
COUNTY FEES	1,341	1,447	1,447	1,462
DUES	367	400	362	450
ELECTION EXPENSE	-	1,000	-	-
ENGINEERING EXPENSE	9,047	10,000	4,000	8,000
ENTRANCE MAINTENANCE	-	11,000	11,000	11,000
HILLCREST OUTFALL LINE EXPENSES	793	31,647	10,135	34,396
INSURANCE	2,010	2,200	1,927	2,450
LEGAL EXPENSE	-	1,000	-	1,000
LINE MAINTENANCE & REPAIR	5,757	12,000	5,700	7,000
MISCELLANEOUS	176	650	132	350
OFFICE SUPPLIES	135	-	125	200
SEWER TREATMENT CHARGE	36,453	30,691	30,691	41,065
UTILITIES	<u>1,409</u>	<u>1,500</u>	<u>1,400</u>	<u>1,500</u>
TOTAL EXPENDITURES	<u>\$ 145,255</u>	<u>\$ 202,535</u>	<u>\$ 76,034</u>	<u>\$ 206,123</u>
ENDING BALANCE	<u>310,848</u>	<u>213,830</u>	<u>343,754</u>	<u>248,406</u>
TOTAL EXPENDITURES & ENDING BALANCE	<u>\$ 456,103</u>	<u>\$ 416,365</u>	<u>\$ 419,788</u>	<u>\$ 454,529</u>

I, **Darcy Beard** certify the attached is a true and accurate copy of the adopted 2019 budget of the Cherry Hills North Metropolitan District.

By: _____
Budget Officer

CHERRY HILLS NORTH METROPOLITAN DISTRICT
BUDGET DETAIL

	<u>PROJECTED</u> <u>2018</u>	<u>PROPOSED</u> <u>2019</u>
<u>TAXES - OPERATION</u>		
2018 - 11,645,926 @ 8.281 MILLS	\$ 96,440	
2019 - 11,770,922 @ 8.281 MILLS ESTIMATED		\$ 97,475
<u>TAXES - OWNERSHIP</u>		
	\$ 6,200	\$ 6,200
<u>INVESTMENT INCOME</u>		
FIRST BANK	\$ 150	\$ 100
COLOTRUST	6,150	7,000
TOTAL INVESTMENT INCOME	\$ 6,300	\$ 7,100
<u>ACCOUNTING</u>		
	\$ 8,700	\$ 10,000
<u>AUDIT EXPENSE</u>		
LAST AUDIT 2015	\$ 415	\$ 1,000
<u>CAPITAL OUTLAY</u>		
CURED IN PLACE LINING	\$ -	\$ 75,000
CONTINGENCY/ENGINEERING (15%)	-	11,250
TOTAL CAPITAL OUTLAY	\$ -	\$ 86,250
<u>COUNTY FEES</u>		
	\$ 1,447	\$ 1,462
<u>DUES</u>		
SDA DUES	\$ 362	\$ 450
<u>ENGINEERING</u>		
	\$ 4,000	\$ 8,000
<u>ENTRANCE MAINTENANCE</u>		
SIGN MAINTENANCE	\$ 2,500	\$ 2,500
ENTRANCE MAINTENANCE	2,500	2,500
ENTRANCE LIGHTING	6,000	6,000
TOTAL SIGN/ENTRANCE MAINTENANCE	\$ 11,000	\$ 11,000
<u>HILLCREST OUTFALL LINE EXPENSE</u>		
O&M	\$ 2,500	\$ 3,509
JET CLEANING	-	1,500 **
OUTFALL LINE LOAN (TOTAL OF 40 PMTS)	5,635	2,817
OUTFALL LINE METERING	-	11,000 **
MANHOLE REPAIRS	-	12,000 **
ADDITIONAL JET CLEANING	-	1,570 **
OUTFALL LINE CONTINGENCY	2,000	2,000
OUTFALL LINE EXPENSE	\$ 10,135	\$ 34,396
** MAY BE DEFERRED TO 2020		
<u>INSURANCE</u>		
	\$ 1,927	\$ 2,450
<u>LEGAL</u>		
	-	1,000

CHERRY HILLS NORTH METROPOLITAN DISTRICT
BUDGET DETAIL

LINE MAINTENANCE & REPAIR

VIDEO	\$ 2,592	\$ 2,800
JET CLEAN	2,717	3,000
ROOT CUTTING	<u>391</u>	<u>1,200</u>
TOTAL VIDEO & JET CLEAN	\$ 5,700	\$ 7,000

MISCELLANEOUS

BANK CHARGES	-	50
WEBSITE EXPENSES	-	150
LEGAL PUBLICATIONS	<u>132</u>	<u>150</u>
TOTAL MISC	\$ 132	\$ 350

OFFICE SUPPLIES	\$ 125	\$ 200
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SEWER TREATMENT CHARGE

HILLCREST CHARGE	\$ 30,691	\$ 41,065
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UTILITIES

XCEL ENERGY	\$ 1,400	\$ 1,500
	-	

HILLCREST WATER & SANITATION DISTRICT

7995 E. Prentice Avenue, Suite 103E

Greenwood Village, Colorado 80111

(303) 381-4960

(303) 381-4961 (FAX)

October 5, 2018

Boards of Directors

Mansfield Heights Water & Sanitation District

Cherry Hills North Metropolitan District

Cherry Hills Village Sanitation District

Devonshire Heights Water & Sanitation District

RE: Hillcrest Water & Sanitation District
2018 Annual Report

Dear Board Members:

Pursuant to the provisions of the Second Amended and Restated IGA, please find attached Hillcrest's Annual Report relating to the Outfall Line. The Annual Report has been updated to include 2018 Outfall Line expenditures, including an estimate of expenses remaining with respect to 2018. Also, the proposed 2019 budget is included in this letter for your review and comment.

Annual Highlights

State Revolving Fund Loan: The debt service schedule is fully consistent with that sent to you one year ago. The Outfall Line participating districts, including Hillcrest, are responsible for 43% of the debt service payment. The other 57% relates to work done by Hillcrest within its service area.

Treatment Fees: The 2019 treatment fees from Metro Wastewater are increasing from the 2018 fees to \$173,216. This is an increase from the \$157,388 the previous year. There are also adjustments from 2017 and 2018 charges totaling \$37,374. Table 1 outlines the recent history of these treatment fees, showing the outsized impact of adjustments on 2019 fees. Included with this is the 2019 calculation provided by Metro.

Table 1 Summary of Metro Wastewater Treatment Fees

District	2017 Fees	2018 Fees	2019 Fees
Hillcrest	\$ 69,727	\$ 58,706	\$ 78,550
Mansfield	\$ 41,313	\$ 34,783	\$ 46,540
Devonshire Heights	\$ 13,272	\$ 11,175	\$ 14,952
Cherry Hills North	\$ 36,453	\$ 30,691	\$ 41,065
Cherry Hills Village	\$ 26,171	\$ 22,034	\$ 29,483
Total Metro Wastewater Fees	\$ 186,936	\$ 157,388	\$ 210,590

Flooding Update: As you know, during the week of June 9, 2015, we experienced excessive rain in a very concentrated period, which resulted in sewage flooding of several homes within the Outfall Line service area. This added volume was also materially responsible for our high 2017 Metro Wastewater treatment fees. Discussion continues regarding causes around this flooding. Meetings have been proposed and requests have been made for all Districts to participate in sump pump inspections. At this time not all Districts are interested in participating in such a discussion so no meetings will be held.

In 2016, the Mansfield Board approved and completed projects to inspect for illegal pump sumps connected to the sewer service, as well as paid for the video-taping and cleaning of residential service lines. Mansfield found 8 illegal sump pumps (this constitutes 5% of the Mansfield homes) connected to the sewer system. The homeowners were required to disconnect or daylight the connections. All homeowners have complied.

During 2017 and 2018, the Hillcrest Board approved and completed a project to inspect for illegal sump pumps connected to the sewer service. Hillcrest found 14 illegal sump pumps (this constitutes 5% of the Hillcrest homes) connected to the sewer system. The homeowners were required to disconnect or daylight the connections. To date, Hillcrest has had approximately 99% compliance by its homeowners.

Devonshire has represented that they will begin an evaluation process of sump pumps and connections to the sewer line to assist in the goal of disconnecting sump pumps from the sewer system.

Flood Discussion: Based on the results of Mansfield's and Hillcrest's inspections, for illegally connected sump pumps, both Boards believe that those illegal connections were responsible, in some part, for the 2015 flooding. **Both Mansfield and Hillcrest feel strongly that each of Cherry Hills North and Cherry Hills Sanitation should also inspect each of their served homes for sump pumps connected to the sewer system.** Hillcrest expects to impose such inspections in 2019 if they are not conducted by the end of 2018.

In addition, Hillcrest's Board is continuing to consider a metering program to better understand flows into the Outfall Line from each of our Districts. This annual expense could be in excess of \$50,000 and since it pertains to the Outfall operations, would be allocated entirely to the five Outfall partners.

2018 and 2019 Budgets: The following four tables can be used in the preparation of your 2019 budget. In addition to Treatment Fees covered above, the two principal components of the Outfall budget are annual Operating and Maintenance and the Outfall's share of the State Loan associated with the 2013 capital projects. Table 2 shows what Operations and Maintenance costs are expected to be in 2018 vs. what was budgeted to be spent in 2018.

Table 2 Summary of Estimated 2018 Operation, Maintenance vs. Budget

<u>District</u>	<u>Estimate</u>	<u>Budget</u>
Hillcrest	\$ 4,312	\$ 4,115
Mansfield	2,429	2,321
Devonshire Heights	571	546
Cherry Hills North	2,143	2,048
Cherry Hills Village	1,539	1,470
Total estimated 2018	<u>\$ 10,994</u>	<u>\$ 10,500</u>

As reflected in Table 3 and 4 below, in addition to the Outfall Line member's share of the SRF loan payment of \$14,447, there is \$3,000 budgeted to cover general engineering and administration of the Outfall Line in 2019. As noted above, the Hillcrest Board is still evaluating a metering program that could dramatically change those numbers in future years. It should also be noted that (1) the 2016 video review indicated that 19 manholes within the Outfall Line are in some level of need for repair; and (2) because of higher than previously observed levels of sludge buildup (possibly due to the 2015 flood), we expect to jet clean the Outfall Line every other year instead of every fourth year. The costs of repairing the deteriorated manholes have been estimated at \$59,570. Due to the large 2017 increase in service treatment fees from Metro, the Hillcrest Board determined to defer that maintenance. Video inspection and the associated engineering cost is estimated at \$15,500 for 2019.

Table 3 Outfall Line 2019 Budget Charges to Districts

<u>District</u>	<u>O&M</u>	<u>SRF</u>	<u>Total</u>
Hillcrest	\$ 7,057	\$ 5,663	\$ 12,720
Mansfield	3,978	3,193	7,171
Devonshire Heights	936	751	1,687
Cherry Hills North	3,509	2,817	6,326
Cherry Hills Village	2,520	2,023	4,543
Outfall total budget charges	<u>\$ 18,000</u>	<u>\$ 14,447</u>	<u>\$ 32,447</u>

Table 4 Summary of 2019 Budget Expenditures for the Outfall Line

Administration	\$ 2,500
General Engineering	500
Engineering- Video Inspection	2,500
Video Inspection & Maintenance	12,500
SRF- Debt service	14,447
Outfall total budget expenditures	<u>\$ 32,447</u>

Pursuant to the terms of the IGA, please respond to me, in writing, with any questions or concerns you may have, no later than November 1, 2019. My email address is: sblair@crsofcolorado.com.

Very truly yours,

HILLCREST WATER & SANITATION DISTRICT



Sue Blair
District Manager

Attachments: 2018 Annual Report
Outfall Line Reserve Account Statement as of August 2018

Hillcrest Water & Sanitation District
 Outfall Line Expenses Shared by All Districts

2018 ANNUAL REPORT

Billed to Districts for 2018

Invoice Date	Invoice Number	Check Number	Date	Service Provider	Outfall Invoice Amount
2/6/18	7718	1836	3/20/18	CRS	\$ 346.00
3/6/18	7799	1836	3/20/18	CRS	345.57
2/9/18	626140	1833	3/20/18	Spencer Fane	1,102.00
		Wire	4/27/17	State - Loan payment	7,224.00
				Adjustment	(0.22)
				Subtotal	\$ 9,017.35

Hillcrest 39.2%	Mansfield 22.1%	Devonshire 5.2%	CH North 19.5%	CH Village 14.0%	Total 100.0%
135.63	76.47	17.99	67.47	48.44	346.00
135.46	76.37	17.97	67.39	48.38	345.57
431.98	243.54	57.30	214.89	154.28	1,102.00
2,831.81	1,596.42	375.63	1,408.61	1,011.31	7,223.78
2.55	(0.93)	(0.23)	(0.81)	(0.58)	-
3,637.44	1,991.87	468.67	1,767.65	1,261.83	9,017.35

Estimated Amounts Remaining to be Billed for 2018

Administrative Expenses	\$ 750.00
Maintenance Expense	7,500.00
Engineering Expenses	500.00
State - Loan payment	7,224.00
Subtotal	\$ 15,974.00

Hillcrest 39.2%	Mansfield 22.1%	Devonshire 5.2%	CH North 19.5%	CH Village 14.0%	Total 100.0%
294.00	165.75	39.00	146.25	105.00	750.00
2,940.00	1,657.50	390.00	1,462.50	1,050.00	7,500.00
196.00	110.50	28.00	97.50	70.00	500.00
2,831.81	1,596.50	375.65	1,408.68	1,011.36	7,224.00
6,261.81	3,530.25	830.65	3,114.93	2,236.36	15,974.00

TOTAL ESTIMATED CHARGES TO BE BILLED IN 2018

\$ 24,991.35	9,799.25	5,522.12	1,299.31	4,872.48	3,498.19	24,991.35
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