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Accountant's Compilation Report

Board of Directors
Cundall Farms Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Cundall Farms Metropolitan District for the year ending December 31, 2019, including the estimate of comparative information for the year ended December 31, 2018 and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Cundall Farms Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 11, 2019



An independent member of Nexia International

**CUNDALL FARMS METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 1,233,729	\$ 952,787	\$ 1,179,084
REVENUES			
Bond issuance	12,012,000	-	-
Bond premium	123,826	-	-
Developer advance	11,000	-	-
Interest income	10,157	10,450	18,286
Operations fees	154,176	200,000	233,802
Other revenue	495	-	-
Property taxes	175,600	603,665	714,149
Specific ownership tax	16,019	66,403	42,849
Park fees	-	-	1,000
Tree replacement - KB Homes	-	-	20,000
Total revenues	<u>12,503,273</u>	<u>880,518</u>	<u>1,030,086</u>
TRANSFERS IN	<u>2,213,091</u>	<u>500</u>	<u>-</u>
Total funds available	<u>15,950,093</u>	<u>1,833,805</u>	<u>2,209,170</u>
EXPENDITURES			
General Fund	46,426	80,000	110,000
Operations Fund	43,117	103,451	209,600
Debt Service Fund	10,489,140	470,770	500,000
Capital Projects Fund	2,205,532	-	-
Total expenditures	<u>12,784,215</u>	<u>654,221</u>	<u>819,600</u>
TRANSFERS OUT	<u>2,213,091</u>	<u>500</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>14,997,306</u>	<u>654,721</u>	<u>819,600</u>
ENDING FUND BALANCES	<u>\$ 952,787</u>	<u>\$ 1,179,084</u>	<u>\$ 1,389,570</u>
Emergency Reserve	\$ 5,600	\$ 3,400	\$ 3,900
Debt Service Reserve Fund	743,000	743,000	743,000
Operations Fee Fund Reserve	-	-	7,800
Available for Operations	-	-	386,177
TOTAL RESERVE	<u>\$ 748,600</u>	<u>\$ 746,400</u>	<u>\$ 1,140,877</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION			
Residential	\$ 2,447,470	\$ 5,508,350	\$ 9,001,440
State assessed	-	-	210
Vacant land	445,040	3,554,040	1,683,260
Personal property	33,990	29,570	81,360
Oil & gas	160	8,700	20
Certified Assessed Value	<u>\$ 2,926,660</u>	<u>\$ 9,100,660</u>	<u>\$ 10,766,290</u>
MILL LEVY			
General	10.000	11.055	11.055
Debt Service	50.000	55.277	55.277
Total mill levy	<u>60.000</u>	<u>66.332</u>	<u>66.332</u>
PROPERTY TAXES			
General	\$ 29,267	\$ 100,608	\$ 119,021
Debt Service	146,333	503,057	595,128
Levied property taxes	<u>175,600</u>	<u>603,665</u>	<u>714,149</u>
Budgeted property taxes	<u>\$ 175,600</u>	<u>\$ 603,665</u>	<u>\$ 714,149</u>
BUDGETED PROPERTY TAXES			
General	\$ 29,267	\$ 100,608	\$ 119,021
Debt Service	146,333	503,057	595,128
	<u>\$ 175,600</u>	<u>\$ 603,665</u>	<u>\$ 714,149</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (385)	\$ (11,420)	\$ 21,255
REVENUES			
Developer advance	11,000	-	-
Interest income	14	500	786
Property taxes	29,267	100,608	119,021
Specific ownership tax	2,669	11,067	7,141
Total revenues	42,950	112,175	126,948
TRANSFERS IN			
Transfers from other funds	-	500	-
Total funds available	42,565	101,255	148,203
EXPENDITURES			
Accounting	16,903	25,000	25,000
Audit	4,700	4,700	4,700
Contingency	-	3,609	3,435
County Treasurer's fee	439	1,509	1,785
Dues and licenses	418	441	500
Election	-	651	-
Insurance and bonds	3,328	3,981	4,180
Legal	20,591	40,000	30,000
Miscellaneous	47	109	400
Repay developer advance	-	-	40,000
Total expenditures	46,426	80,000	110,000
Total expenditures and transfers out requiring appropriation	53,985	80,000	110,000
ENDING FUND BALANCE	\$ (11,420)	\$ 21,255	\$ 38,203
Emergency Reserve	\$ 5,600	\$ 3,400	\$ 3,900
Available for Operations	(17,020)	17,855	34,303
TOTAL RESERVE	\$ (11,420)	\$ 21,255	\$ 38,203

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
OPERATIONS FEE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 101,595	\$ 212,973	\$ 310,972
REVENUES			
Interest income	319	1,450	3,500
Operations fees	154,176	200,000	233,802
Park fees	-	-	1,000
Tree replacement - KB Homes	-	-	20,000
Total revenues	154,495	201,450	258,302
Total funds available	256,090	414,423	569,274
EXPENDITURES			
General and administrative			
Accounting	2,000	-	-
District management	12,352	20,640	20,600
Transfer fees	17,500	21,000	20,000
Postage and delivery	1,786	4,000	4,000
Legal	2,866	3,000	3,000
Miscellaneous	-	361	-
Operations and maintenance			
Community activities	63	4,500	12,000
Landscape maintenance - contract	-	20,000	48,900
Landscape replacements	-	1,200	40,000
Water	-	11,000	25,000
Electricity	-	1,000	1,200
Lighting	-	50	1,500
Grounds cleanup	6,300	3,200	-
Grounds repair	250	-	-
Sprinkler repair	-	5,300	8,000
Snow removal	-	5,000	20,000
Tract conveyance	-	1,200	1,200
Backflow testing	-	-	1,200
Holiday lighting	-	2,000	3,000
Total expenditures	43,117	103,451	209,600
Total expenditures and transfers out requiring appropriation	43,117	103,451	209,600
ENDING FUND BALANCE	\$ 212,973	\$ 310,972	\$ 359,674
Operations Fee Fund Reserve	\$ -	\$ -	\$ 7,800
Available for Operations	-	-	351,874
TOTAL RESERVE	\$ -	\$ -	\$ 359,674

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 1,140,078	\$ 750,734	\$ 846,857
REVENUES			
Property taxes	146,333	503,057	595,128
Specific ownership tax	13,350	55,336	35,708
Interest income	9,819	8,500	14,000
Bond issuance	12,012,000	-	-
Bond premium	123,826	-	-
Total revenues	12,305,328	566,893	644,836
Total funds available	13,445,406	1,317,627	1,491,693
EXPENDITURES			
General and administrative			
County Treasurer's fee	2,195	7,546	8,927
Paying agent fees	5,508	3,000	3,000
Contingency	-	-	10,192
Debt Service			
Bond interest	469,906	460,224	477,881
Bond refunding payment	824,203	-	-
Payment to escrow agent	8,685,814	-	-
Bond issue costs	501,514	-	-
Total expenditures	10,489,140	470,770	500,000
Total expenditures and transfers out requiring appropriation	12,694,672	470,770	500,000
ENDING FUND BALANCE	\$ 750,734	\$ 846,857	\$ 991,693
Debt Service Reserve Fund	\$ 743,000	\$ 743,000	\$ 743,000

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (7,559)	\$ 500	\$ -
REVENUES			
Interest income	5	-	-
Other revenue	495	-	-
Total revenues	<u>500</u>	<u>-</u>	<u>-</u>
TRANSFERS IN			
Transfers from other funds	<u>2,213,091</u>	<u>-</u>	<u>-</u>
Total funds available	<u>2,206,032</u>	<u>500</u>	<u>-</u>
EXPENDITURES			
Capital outlay	<u>2,205,532</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,205,532</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>500</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>2,205,532</u>	<u>500</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court of Adams County, Colorado on December 1, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, fire protection, security, television relay and translation, and mosquito control.

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City of Thornton. The District is not authorized to plan for, design acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City of Thornton.

On November 3, 2009, the District's voters authorized total indebtedness of \$130,000,000 for each of the above listed facilities, \$20,000,000 for both intergovernmental and private agreements and \$20,000,000 for refunding of debt. Pursuant to the Service plan, the total Debt that the District shall be permitted to issue shall not exceed \$20,000,000. Additionally, the maximum debt mill levy is 50.000 mills, which shall not be imposed for longer than 40 years from the first year the debt service mill levy is imposed unless a refunding of the Debt has been voted upon. The election also approved an annual increase in property taxes of \$5,000,000 without limitation of rate, to pay the District's operation and maintenance costs.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties, as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**CUNDALL FARMS METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget using the adopted mill levy imposed by the District.

Specific Ownership

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6.0% of the property taxes collected.

Operations Fee

The District collects a fee of \$47.00 per month from homeowners and \$500 from each new homeowner at closing. The fees are used to cover the landscaping and maintenance costs of the District.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

Administrative Expenditures

Administration expenses include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues and membership, other administrative expenses.

Maintenance Expenditures

Anticipated maintenance expenditures are shown on the Operations Fee Fund page of the budget. Homeowners will contract separately with the City for trash removal.

Debt and Leases

On December 14, 2017, the District issued its \$9,720,000 General Obligation Refunding Bonds, Series 2017A (2017A Bonds), its \$1,500,000 Subordinate Limited Tax General Obligation Improvement Bonds, Series 2017B (2017B Bonds) and its \$792,000 Limited Tax Junior Lien Subordinate General Obligation Bonds (2017C Bonds). The proceeds from the sale of the 2017A Bonds were applied to refunding the 2014 and 2016 Bonds of the District, paying the costs of issuing the 2017 Bonds and establishing a Reserve Fund in the amount of \$743,000. The proceeds from the sale of the 2017B Bonds will be applied to public improvements and paying the costs of issuing the 2017B Bonds. The proceeds from the sale of the 2017C Bonds will be applied to public improvements for the District and paying certain costs of issuing the 2017C Bonds.

**CUNDALL FARMS METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The 2017A Bonds bear interest at 4.625% to 4.750%, payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2018. The 2017A Bonds mature on December 1, 2032 and December 1, 2047. The maximum amount of the Senior Surplus Fund is \$972,000.

The 2017B Bonds bear interest at 7.375% per annum, are payable annually from Subordinate Pledged Revenue, if any, on December 15, beginning on December 15, 2018, and mature on December 15, 2047. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017B Bonds compounds annually on each December 15. The 2017B Bonds mature on December 15, 2047 and discharged on December 16, 2055, regardless of the amount of principal and interest paid on the 2017B Bonds prior to such Subordinate Termination Date.

The 2017C Bonds bear interest at the rate of 12.00% per annum, and are payable annually from Junior Subordinate Pledged Revenue, if any available, on each December 15, commencing on the first December 15 occurring after the 2017B Bonds have been paid in full or are no longer outstanding, and mature on December 15, 2049. The 2017C Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the 2017C Bonds compounds annually on each December 15. All of the 2017C Bonds and interest thereon will be deemed to be paid, satisfied and discharged on December 16, 2055, regardless of the amount of principal and interest paid on the 2017C Bonds prior to such Termination Date.

A debt service schedule for the 2017A Bonds is attached.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending, as defined under the TABOR Amendment. Such Emergency Reserve is an integral part of Ending Fund Balance for the Government operations.

Debt Service Reserve

The Senior Debt Service Reserve Requirement on the 2017 Bond is \$743,000.

Operations Fee Fund Reserve

The District has provided a reserve for operating contingencies. This reserve is included as part of the District's Special Operations Fee Fund Balance.

This information is an integral part of the budget.

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$9,720,000		
	General Obligation Bonds (Limited Tax Convertible to Unlimited Tax)		
	Series 2017A, Dated December 14, 2017		
	\$2,165,000 4.625% Term Bonds Due December 1, 2032		
	\$7,555,000 5.000% Term Bonds Due December 1, 2047		
	Interest Due June 1 and December 1		
	Principal Due December 1		
	Principal	Interest	Total
2019	\$ -	\$ 477,881	\$ 477,881
2020	75,000	477,881	552,881
2021	100,000	474,413	574,413
2022	120,000	469,788	589,788
2023	125,000	464,238	589,238
2024	140,000	458,456	598,456
2025	145,000	451,981	596,981
2026	165,000	445,275	610,275
2027	175,000	437,644	612,644
2028	195,000	429,550	624,550
2029	205,000	420,531	625,531
2030	225,000	411,050	636,050
2031	235,000	400,644	635,644
2032	260,000	389,775	649,775
2033	270,000	377,750	647,750
2034	300,000	364,250	664,250
2035	310,000	349,250	659,250
2036	340,000	333,750	673,750
2037	360,000	316,750	676,750
2038	390,000	298,750	688,750
2039	410,000	279,250	689,250
2040	445,000	258,750	703,750
2041	465,000	236,500	701,500
2042	505,000	213,250	718,250
2043	530,000	188,000	718,000
2044	570,000	161,500	731,500
2045	600,000	133,000	733,000
2046	640,000	103,000	743,000
2047	1,420,000	71,000	1,491,000
	\$ 9,720,000	\$ 9,893,857	\$ 19,613,857

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