

**CUNDALL FARMS METROPOLITAN DISTRICT
CITY OF THORNTON, STATE OF COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2020

Pursuant to the Service Plan for Cundall Farms Metropolitan District (the “District”), the District is required to provide an annual report to the City of Thornton, Colorado (the “City”) with regard to the following matters:

For the year ending December 31, 2020, the District makes the following report:

1. Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year:

There were no boundary changes made or proposed in 2020.

2. Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year:

The District did not enter into any new intergovernmental agreements as of December 31, 2020. The list of current Intergovernmental Agreements is attached hereto as **Exhibit A**.

3. Copies of the District’s rules and regulations, if any, as of December 31 of the prior year:

The District adopted the Amended and Restated Resolution Regarding Policies, Procedures and Penalties for the Enforcement of the Governing Documents on October 19, 2020, attached hereto as **Exhibit B**.

4. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year:

To our actual knowledge, based on a review of the court records in Adams County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s Public Improvements as of December 31, 2020.

5. The status of the District’s construction of the Public Improvements as of December 31 of the prior year:

To our actual knowledge, all Public Improvements were completed on or before 2019.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year:

Improvements for three phases of the community have been completed by the developer. These improvements include roadways, utilities including water mains, sewer mains and storm mains, and park and open space areas. A portion of the roadways, sidewalks, and utilities

including water mains, sewer mains and storm mains have been dedicated to and accepted by the City as of December 31, 2020. The District has not constructed any facilities or improvements. In 2021, the District is undertaking a large landscaping replacement and enhancement project that will include planting of numerous trees throughout the District.

7. The assessed valuation of the District for the current year:

The District's current assessed valuation is \$13,661,040, attached hereto as **Exhibit C**.

8. The current year budget, including a description of the Public Improvements to be constructed in such year:

The 2021 budget is attached hereto as **Exhibit D**. No additional Public Improvements are planned to be constructed in 2021.

9. An audit of the District's financial statements for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or an audit exemption, if applicable:

The 2019 audit is attached hereto as **Exhibit E**. The 2020 audit has not yet completed but will be submitted in the 2021 annual report.

10. Notice of any uncured events of default by the District, which continued beyond a ninety (90) day period, under any Debt instrument:

There were no events of default for the year ending December 31, 2020.

11. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period:

The District has been able to pay its obligations as they come due.

EXHIBIT A
Intergovernmental Agreement Listing

1. Intergovernmental Agreement Between the City of Thornton and Cundall Farms Metropolitan District Regarding the Service Plan for the District dated June 7, 2010.
2. First Amendment to the Intergovernmental Agreement Between the City of Thornton and Cundall Farms Metropolitan District Regarding the Service Plan for the District dated December 4, 2018.

EXHIBIT B
Rules and Regulations

**AMENDED AND RESTATED RESOLUTION
OF THE BOARD OF DIRECTORS OF
CUNDALL FARMS METROPOLITAN DISTRICT**

**REGARDING POLICIES, PROCEDURES AND PENALTIES FOR THE
ENFORCEMENT OF THE GOVERNING DOCUMENTS**

WHEREAS, Cundall Farms Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to the terms and conditions of the “Covenants, Conditions and Restrictions for Trailside,” recorded at Reception No. 2014000080289, Adams County, Colorado, on November 17, 2014, (the “**Covenants**”), the District is authorized to promulgate design and/or architectural standards, rules, regulations and/or guidelines (collectively, the “**Guidelines**”); and

WHEREAS, pursuant to the terms and conditions of the Covenants, the District is authorized to adopt, enact, amend, modify and re-enact rules and regulations concerning and governing the Property (as that term is defined in the Covenants) (the “**Rules and Regulations**” and, collectively with the Covenants and Guidelines, the “**Governing Documents**”), and to establish and enforce penalties for the infraction of the Rules and Regulations, including the levying and collection of fines; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board is authorized to fix and from time to time increase or decrease, fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District which, until such fees, rates, tolls, charges and penalties are paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, on November 26, 2014, the Board adopted the Resolution Regarding Policies, Procedures and Penalties for Enforcement of the Governing Documents, establishing policies, procedures and penalties for violations of the guidelines, rules and regulations and other policies and procedures of the District, as the same may be amended and supplemented from time to time (the “**Prior Resolution**”); and

WHEREAS, the Board desires to amend and restate the Prior Resolution to establish new policies, procedures and penalties for violations of the Governing Documents.

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures:

1. Intent of District. This Resolution is adopted to ensure the protection of the health, safety and welfare of the residents and property owners of the District, to preserve property values, enhance the quality of life for all District residents, and provide a fair and consistent enforcement process of the Governing Documents.

2. Enforcement Policy. The District may enforce the Governing Documents through administrative proceedings or judicial action, and any non-compliance with the Governing Documents by any owner, renter or guest will be the responsibility of the owner of the respective

property subject to this Resolution (“the “**Owner**”). This Resolution is intended to serve as guidance to the Board and the District’s authorized representative(s) (the “**District Representative**”), and does not limit or restrict the authority of the Board. The Board may intervene at any time with respect to any authority granted to or action undertaken by the District Representative. In addition, this Resolution shall not supersede the procedures for approval, disapproval, or notice of noncompliance related to improvements as set forth in the Governing Documents.

3. Investigation. Upon receipt of a written complaint alleging a violation of the Governing Documents, if additional information is necessary, the District Representative may conduct an investigation to determine whether a violation of the Governing Documents has occurred.

4. Enforcement Process for Continuous Violations. Upon determining that a “**Continuous Violation**” (defined as a violation that is ongoing, uninterrupted by time and may take time to cure) has occurred, the District Representative and Board shall take the following steps:

- a. Advisory Letter. If the District Representative determines that a Continuous Violation of the Governing Documents exists, either through the investigative process as set forth above, or through independent inspections or observations of the District Representative, the District Representative will send an “Advisory Letter” to the Owner by first-class United States mail to the address of the Owner on record according to the records of the County Assessor (“**Owner’s Address**”), notifying the Owner of: (i) the restriction violated and the nature of the Continuous Violation, (ii) that the Owner must have the Continuous Violation corrected within 10 calendar days after the date of the Advisory Letter, and (iii) that failure to timely cure the Continuous Violation may result in potential fines or other sanctions. If, in the discretion of the District Representative, the Continuous Violation requires more than 10 days to cure, the District Representative may extend the cure period or require the Owner to commence such cure within 10 days after the date of the Advisory Letter and diligently prosecute the same to completion. The District Representative may, in its sole discretion, determine that an Advisory Letter is not necessary or appropriate and may instead immediately send a Notice as provided in Paragraph 8 below.
- b. Notice of Complaint and Opportunity to Be Heard. If an Owner fails to cure (or provide adequate proof that he or she is diligently seeking to cure, if applicable) a Continuous Violation within 10 days of the date of the Advisory Letter, or if the District Representative determines, in its sole discretion, an Advisory Letter is not necessary or appropriate, the District Representative shall send a notice of complaint and opportunity to be heard (“**Notice of Continuous Violation**”) to the Owner at the Owner’s Address notifying the Owner of the Continuous Violation and of the potential fines that may be imposed if the Continuous Violation is not cured. The Notice of Continuous Violation shall further state that the Owner is entitled to a hearing on the merits

of the matter provided that such hearing is requested in writing by the Owner within 10 days of the date of the Notice of Continuous Violation.

- c. Notice of Ongoing Violation. If after 10 days of the date of the Notice of Continuous Violation, the Owner has not requested a hearing, cured the Continuous Violation or made arrangements to cure the Continuous Violation and communicated such arrangements to the District Representative in writing, the District Representative shall send a notice of ongoing violation (“**Notice of Ongoing Violation**”) to the Owner’s Address demanding that the Owner cure the ongoing Continuous Violation and that an additional fine has been imposed on the Owner’s account pursuant to the fine schedule set forth in Paragraph 7 below. A second Notice of Ongoing Violation shall be sent 10 days thereafter if the Continuous Violation is not cured or arrangements to cure the Continuous Violation are not communicated to the District Representative in writing and the prior fine paid. The second Notice of Ongoing Violation shall advise the Owner of the imposition of an additional fine, pursuant to the fine schedule set forth in Paragraph 7 of this Resolution.
- d. Continuous Violation. In the event that a Continuous Violation continues to exist uninterrupted 10 days after the date of the second Notice of Ongoing Violation, the District may in its discretion, in addition to any other remedy, send the Owner a notice of daily fines (“**Daily Fine Notice**”) and thereafter impose a fine of up to \$100 for each day that a Continuous Violation so continues.

5. Enforcement Process for Repetitious Violations. Upon determining that a “**Repetitious Violation**” (defined as a violation that occurs at a set point in time and does not require time to cure, such as the parking of a restricted vehicle in the community or leaving trash cans out beyond the time allowed) has occurred, the District Representative and Board shall take the following steps:

- a. Advisory Letter. If the District Representative determines that a Repetitious Violation of the Governing Documents has occurred, either through the investigative process as set forth above, or through independent inspections or observations of the District Representative, the District Representative will send an “Advisory Letter” to the Owner by first-class United States mail to the Owner’s Address, notifying the Owner of: (i) the restriction violated and the nature of the Repetitious Violation, and (iii) that any subsequent violations of the same restriction within 45 days of the date of the Advisory Letter may result in the imposition of fines. The District Representative may, in its sole discretion, determine that an Advisory Letter is not necessary or appropriate and may instead immediately send a Notice as provided in Paragraph 5b and/or 8 below.
- b. Notices of Repetitious Violations. If an Owner subsequently violates the same covenant or rule within 45 days of date of the Advisory Letter, each such instance shall constitute a separate Repetitious Violation for which fines may be imposed pursuant to the fine schedule set forth in paragraph 7. Upon the

occurrence of each subsequent Repetitious Violation, the District Representative shall send the Owner a notice advising the Owner of the Repetitious Violation and of the fine to be imposed (“**Repetitious Violation Notice**”). The first such Repetitious Violation Notice shall further state that the Owner is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing by the Owner within 10 days of such first Repetitious Violation Notice. The District may impose additional fines with each Repetitious Violation Notice sent after the first Repetitious Violation Notice without the necessity of providing the Owner with the opportunity for a hearing thereafter.

6. Hearings

- a. If a hearing is requested by the Owner pursuant to paragraph 4.b or 5.b above, the District Representative shall notify the Owner of the date, time and place of the hearing at least 10 days prior to the hearing. Hearings regarding violations of the Governing Documents shall be conducted by the Board, or a tribunal consisting of District residents or other persons as selected by the Board.
- b. In the event an Owner fails to request a hearing within 10 days of the date of the Notice of Continuous Violation or the first Notice of Repetitious Violation, as applicable, or fails to appear at a requested hearing, the Board or the tribunal or person designated by the Board to conduct the hearing may make a decision with respect to the violation based on the complaint, results of the investigation and any other available information without the necessity of holding a formal hearing. Failure to request a hearing or to appear at a requested hearing will result in the Owner being deemed to have admitted and acknowledged the violation and the Owner will thereafter be subject to all fines and penalties assessed in connection with the violation. After offering an Owner the opportunity for a hearing in the Notice of Continuous Violation or the first Notice of Repetitious Violation, as applicable, regardless of whether the Owner then requests a hearing or not, the District need not offer the opportunity for a hearing for any additional fines to be imposed for failure to cure a Continuous Violation or for subsequent instances of a Repetitious Violation.
- c. Decision. If the Board or the tribunal or person designated by the Board to conduct the hearing has made a finding that an Owner is in violation of the Governing Documents, the District Representative shall send notice of violation (“**Notice of Decision**”) to the Owner’s Address. The Notice of Decision shall set forth the fine imposed, if any, and any additional fines that may be imposed if the Continuous Violation remains uncured or if subsequent instances of Repetitious Violations occur. The District may revoke or suspend the Owner’s privileges, impose fines in accordance with the fine schedule set forth below and take such other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents. No hearing shall be required for the imposition of any such additional fines.

7. Fine Schedule. The following fine schedule is adopted for any and all violations of the Governing Documents.

Continuous Violations:

Notice of Continuous Violation:	\$50.00
First Notice of Ongoing Violation:	\$75.00
Second Notice of Ongoing Violation:	\$100.00
Daily Fine Notice:	Up to \$100.00 per day

Repetitious Violations:

First Notice of Repetitious Violation:	\$25.00
Subsequent Notices of Repetitious Violations	\$50.00 per each offense

8. Violations or Offenses that Constitute a Present Danger. If a violation concerns a serious or immediate risk to the health, safety, or welfare of person or property, the District Representative shall seek to obtain prompt action by the Owner to correct the violation and avoid any reoccurrence, and the procedural requirements under this Resolution may be waived by the Board and a hearing scheduled as soon as possible. The Board may impose sanctions as necessary to abate any threat to health, safety or welfare of any person or property.

9. Waiver of Fines and Other Amounts. The District may determine enforcement actions on a case by case basis, and take other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents. The District Representative may, in its sole discretion, waive all or any portion of any fines and other amounts levied under this Resolution. Additionally, the Board may condition waiver of any fine or other amount(s), upon the Owner coming into and staying in compliance with the Governing Documents.

10. Other Enforcement Means. The provisions of this Resolution shall be in addition to all other enforcement means which are available to the District through the Governing Documents, or by law. Application of this Resolution does not preclude the District from using any other enforcement means, including, but not limited to the recording of liens, foreclosure, and any other legal or equitable remedies available to the District.

11. Legal Action. Any violation of the Governing Documents may, in the discretion of the Board, be turned over to legal counsel to take appropriate legal action either in lieu of, or in addition to, the imposition of any fines or other penalties under this Resolution, and Owners shall be responsible for all attorneys' fees and costs incurred in enforcing this Resolution and in collecting amounts due and owing the District.

12. Foreclosure of Lien. All amounts imposed pursuant to this Resolution shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j)(I), C.R.S., such lien being a charge imposed for the provision of services and facilities to the property. Said lien may be foreclosed at such time as the District in its sole discretion may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land.

13. Modification of Procedures. The District may modify the procedures set forth herein if, in its sole discretion, such modification is reasonable under the circumstances.

14. Amendment. The policies, procedures and fine schedule set forth in this Resolution may be supplemented and/or amended from time to time by the District, in its sole and absolute discretion.

15. Payment. Payment for all fines shall be by check or equivalent form acceptable to the District, made payable to “Cundall Farms Metropolitan District” and sent to the District within 30 days of the date of the notice sent from the District to the Owner notifying the Owner of the imposition of the fine.

16. Severability. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

17. Prior Resolutions. This Resolution shall supersede and replace in its entirety the Prior Resolution addressing the enforcement of the Governing Documents adopted by the Board.

18. Effective Date. This Resolution shall become effective immediately, and shall supersede in its entirety any prior resolution.

Signature page follows.

ADOPTED this 19th day of October, 2020.

**CUNDALL FARMS METROPOLITAN
DISTRICT**, a quasi-municipal corporation and
political subdivision of the State of Colorado



Officer of the District

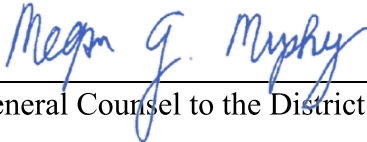
ATTEST:



Darren Fresquez (Oct 22, 2020 17:16 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

Signature Page to Resolution Concerning Enforcement Policies and Procedures

EXHIBIT C
2020 Assessed Valuation

CERTIFICATION OF VALUATION BY ADAMS COUNTY ASSESSOR

Name of Jurisdiction: **374 - CUNDALL FARMS METRO**

IN ADAMS COUNTY ON 11/29/2020

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020 IN ADAMS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$13,664,050
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$13,661,040
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$13,661,040
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b) C.R.S.): ##	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$666.63

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020 IN ADAMS COUNTY, COLORADO ON AUGUST 25, 2020

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$188,443,321
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0

(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY:

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS: 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->

\$0

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2020

Data Date: 11/29/2020

EXHIBIT D
2021 Budget

CUNDALL FARMS METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2021

**CUNDALL FARMS METROPOLITAN DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 1,233,159	\$ 1,337,828	\$ 1,603,465
REVENUES			
Interest income	28,946	11,400	8,605
Operations Fees	206,103	210,000	204,168
Property Taxes	714,149	911,734	912,516
Specific Ownership Taxes	57,203	73,018	63,876
Working Capital	-	-	18,000
Total revenues	1,006,401	1,206,152	1,207,165
Total funds available	2,239,560	2,543,980	2,810,630
EXPENDITURES			
General Fund	133,294	135,176	78,000
Operations Fund	273,627	263,061	303,000
Debt Service Fund	494,811	542,278	598,000
Total expenditures	901,732	940,515	979,000
Total expenditures and transfers out requiring appropriation	901,732	940,515	979,000
ENDING FUND BALANCES	\$ 1,337,828	\$ 1,603,465	\$ 1,831,630
Emergency Reserve	\$ 3,900	\$ 5,000	\$ 4,900
Debt Service Reserve Fund	743,000	743,000	743,000
Surplus Fund	271,112	558,458	781,171
Operations Fee Fund Reserve	6,400	6,400	6,700
Available for Operations	313,416	290,607	295,859
TOTAL RESERVE	\$ 1,337,828	\$ 1,603,465	\$ 1,831,630

**CUNDALL FARMS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

ACTUAL	ESTIMATED	BUDGET
2019	2020	2021

ASSESSED VALUATION

Residential	\$ 9,001,440	\$ 13,500,670	\$ 13,465,430
State assessed	210	2,940	4,560
Vacant land	1,683,260	29,230	29,220
Personal property	81,360	131,170	161,780
Oil & gas	20	40	50
Certified Assessed Value	<u>\$ 10,766,290</u>	<u>\$ 13,664,050</u>	<u>\$ 13,661,040</u>

MILL LEVY

General	11.055	11.133	11.133
Debt Service	55.277	55.664	55.664
Total mill levy	<u>66.332</u>	<u>66.797</u>	<u>66.797</u>

PROPERTY TAXES

General	\$ 119,021	\$ 152,122	\$ 152,088
Debt Service	595,128	760,596	760,428
Levied property taxes	<u>714,149</u>	<u>912,718</u>	<u>912,516</u>
Refunds and abatements	-	(984)	-
Budgeted property taxes	<u>\$ 714,149</u>	<u>\$ 911,734</u>	<u>\$ 912,516</u>

BUDGETED PROPERTY TAXES

General	\$ 119,021	\$ 151,958	\$ 152,088
Debt Service	595,128	759,776	760,428
	<u>\$ 714,149</u>	<u>\$ 911,734</u>	<u>\$ 912,516</u>

**CUNDALL FARMS METROPOLITAN DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 23,242	\$ 19,008	\$ 48,260
REVENUES			
Interest Income	506	300	450
Property Taxes	119,021	151,958	152,088
Specific Ownership Taxes	9,533	12,170	10,646
Total revenues	129,060	164,428	163,184
Total funds available	152,302	183,436	211,444
EXPENDITURES			
Accounting	34,323	30,000	30,000
Audit	4,700	4,700	4,900
County Treasurer's Fees	1,786	2,279	2,281
Dues	543	638	750
Election Expense	-	5,660	-
Insurance	4,040	5,599	7,000
Legal	47,155	45,000	30,000
Miscellaneous	747	600	1,069
Repay Developer Advance	40,000	40,000	-
Website	-	700	2,000
Total expenditures	133,294	135,176	78,000
Total expenditures and transfers out requiring appropriation	133,294	135,176	78,000
ENDING FUND BALANCE	\$ 19,008	\$ 48,260	\$ 133,444
Emergency Reserve	\$ 3,900	\$ 5,000	\$ 4,900
Available for Operations	15,108	43,260	128,544
TOTAL RESERVE	\$ 19,008	\$ 48,260	\$ 133,444

**CUNDALL FARMS METROPOLITAN DISTRICT
OPERATIONS FEE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 365,426	\$ 304,708	\$ 253,747
REVENUES			
Interest Income	6,806	2,100	1,100
Operations Fees	206,103	210,000	204,168
Working Capital	-	-	18,000
Total revenues	212,909	212,100	223,268
Total funds available	578,335	516,808	477,015
EXPENDITURES			
General and Administrative			
Community Activities	8,607	5,000	12,000
District Management - Contract	22,436	20,000	18,000
District Management - Costs	-	5,000	5,000
Insurance	18,643	14,561	20,000
Legal	9,050	10,000	6,000
Miscellaneous	-	-	2,000
Postage and Delivery	3,917	-	-
Transfer Fees	2,400	-	-
Website	2,257	-	-
Holiday Lighting	499	-	5,000
Landscape Maintenance			
Sprinkler Repair	18,151	-	-
Landscape Maintenance - Contract	69,240	80,000	84,000
Landscape Replacements	20,080	25,000	35,000
Tree Replacements	-	-	-
Grounds and Park Maintenance			
Basketball Court Maintenance	-	2,500	4,000
Grounds Cleanup	892	-	-
Irrigation Repairs & Improvements	-	8,000	12,500
Grounds Maintenance	-	5,000	2,000
Lighting	688	2,500	4,000
Playground Inspection & Repair	-	2,500	4,000
Snow Removal	18,615	20,000	25,000
Utilities			
Electricity	2,496	3,000	4,500
Water	75,656	60,000	60,000
Total expenditures	273,627	263,061	303,000
Total expenditures and transfers out requiring appropriation	273,627	263,061	303,000
ENDING FUND BALANCE	\$ 304,708	\$ 253,747	\$ 174,015
Operations Fee Fund Reserve	\$ 6,400	\$ 6,400	\$ 6,700
Available for Operations	298,308	247,347	167,315
TOTAL RESERVE	\$ 304,708	\$ 253,747	\$ 174,015

No assurance provided. See summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 844,491	\$ 1,014,112	\$ 1,301,458
REVENUES			
Property Taxes	595,128	759,776	760,428
Specific Ownership Taxes	47,670	60,848	53,230
Interest Income	21,634	9,000	7,055
Total revenues	664,432	829,624	820,713
Total funds available	1,508,923	1,843,736	2,122,171
EXPENDITURES			
General and Administrative			
County Treasurer's Fees	8,930	11,397	11,406
Paying Agent Fees	8,000	8,000	8,000
Contingency	-	-	4,181
Debt Service			
Bond Interest	477,881	447,881	474,413
Bond Principal	-	75,000	100,000
Total expenditures	494,811	542,278	598,000
Total expenditures and transfers out requiring appropriation	494,811	542,278	598,000
ENDING FUND BALANCE	\$ 1,014,112	\$ 1,301,458	\$ 1,524,171
Debt Service Reserve Fund	\$ 743,000	\$ 743,000	\$ 743,000
Surplus Fund	271,112	558,458	781,171
TOTAL RESERVE	\$ 1,014,112	\$ 1,301,458	\$ 1,524,171

**CUNDALL FARMS METROPOLITAN DISTRICT
2021 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
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (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 7.0% of the property taxes collected.

Operations Fee

The District collects a fee of \$47.00 per month from homeowners and a transfer fee of \$500 from each new homeowner at closing. The fees are used to cover the landscaping and maintenance costs of the District. The District has 362 homes.

Working Capital

The District collects a \$500 working capital fee upon the transfer of each residential unit.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately .5%.

Expenditures

Administrative Expenditures

Administration expenses include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues and 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 were used to pay for the construction or reimbursement of public improvements and paying the costs of issuing the 2017B Bonds. The proceeds from the sale of the 2017C Bonds were used to pay for the construction or reimbursement of public improvements and paying certain costs of issuing the 2017C Bonds.

**CUNDALL FARMS METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The 2017A Bonds bear interest at 4.625% to 5.000%, 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, 2020. 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.

Developer Advance

The District has outstanding Developer advances. The anticipated Developer advances are as follows:

	Balance - December 31, 2019	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2020 *	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2021 *
Developer Advances - Operations	164,941	-	15,650	149,291	-	-	149,291
Developer Advances - Capital	4,408,618	-	-	4,408,618	-	-	4,408,618
Accrued Interest - Developer Advances - Operations	17,697	12,608	24,350	5,955	11,943	-	17,898
Accrued Interest - Developer Advances - Capital	1,597,419	352,690	-	1,950,109	352,689	-	2,302,798
Total	\$ 6,188,675	\$ 365,298	\$ 40,000	\$ 6,513,973	\$ 364,632	\$ -	\$ 6,878,605

*Estimated balances

**CUNDALL FARMS METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve 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 District's operations.

Debt Service Reserve

The Senior Debt Service Reserve Requirement on the 2017 Bonds 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 Operations Fee Fund Balance.

This information is an integral part of the budget.

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

	\$9,720,000		
	General Obligation Bonds (Limited Tax Convertible to Unlimited Tax)		
	Series 2017A, Dated December 14, 2017		
Bonds and	\$2,165,000 4.625% Term Bonds Due December 1, 2032		
Interest	\$7,555,000 5.000% Term Bonds Due December 1, 2047		
Maturing	Interest Due June 1 and December 1		
in the	Principal Due December 1		
Year Ending	Principal	Interest	Total
December 31,			
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
	<u>\$ 9,645,000</u>	<u>\$ 8,938,095</u>	<u>\$ 18,583,095</u>

No assurance provided. See summary of significant assumptions.

**CUNDALL FARMS METROPOLITAN DISTRICT
RESOLUTION TO AMEND 2021 BUDGET**

WHEREAS, the Board of Directors of Cundall Farms Metropolitan District (the “**District**”) certifies that at a **special** meeting of the Board of Directors of the District held May 4, 2021, a public hearing was held regarding the 2021 amended budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for fiscal year 2021 as follows:

General Fund	\$78,000
Operations Fee Fund	\$303,000
Debt Service Fund	\$598,000
and;	

WHEREAS, the necessity has arisen for additional expenditures by the District due to additional costs which could not have been reasonably anticipated at the time of adoption of the budget, requiring the expenditure of funds in excess of those appropriated for fiscal year 2021; and

WHEREAS, funds are available for such expenditure.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend the adopted budget for fiscal year 2021 as follows:

Debt Service Fund	\$15,617,500
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the funds named above for the purpose stated, and that any ending fund balances shall be reserved for purposes of complying with Article X, Section 20 of the Colorado Constitution.

[Remainder of page intentionally left blank.]

ADOPTED this 4th day of May, 2021.

**CUNDALL FARMS METROPOLITAN
DISTRICT**



Officer of the District

ATTEST:

Darren Fresquez
Darren Fresquez (May 13, 2021 09:44 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
COUNTY OF ADAMS
CUNDALL FARMS METROPOLITAN DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held via teleconference on Tuesday, May 4, 2021 as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of May, 2021.

Darren Fresquez
Darren Fresquez (May 13, 2021 09:44 MDT)

EXHIBIT E
2019 Audit

CUNDALL FARMS METROPOLITAN DISTRICT
Adams County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**CUNDALL FARMS METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2019**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cundall Farms Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Cundall Farms Metropolitan District as of and for the year 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.

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• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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 Cundall Farms Metropolitan District, as of December 31, 2019, and the respective changes in financial position and the budgetary comparisons for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that 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 Cundall Farms Metropolitan District's basic financial statements. The budget to actual schedule for the Debt Service Fund (Supplementary Information), the Schedule of Debt Service Requirements to Maturity and the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected (Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Daggio & Associates, P.C.

July 9, 2020

BASIC FINANCIAL STATEMENTS

CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and Investments	\$ 311,058
Cash and Investments - Restricted	1,020,704
Accounts Receivable	10,998
Receivable from County Treasurer	4,449
Prepaid Expenses	27,107
Property Taxes Receivable	912,718
Capital Assets, Net of Accumulated Depreciation	215,503
Total Assets	<u>2,502,537</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding	929,858
Total Deferred Outflows of Resources	<u>929,858</u>
LIABILITIES	
Accounts Payable	24,550
Bond Interest Payable	39,823
Prepaid Operations Fees	11,938
Noncurrent Liabilities:	
Due Within One Year	75,000
Due in More Than One Year	18,680,827
Total Liabilities	<u>18,832,138</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	912,718
Total Deferred Inflows of Resources	<u>912,718</u>
NET POSITION	
Net Investment in Capital Assets	(53,918)
Restricted For:	
Emergency Reserves	10,300
Debt Service	230,871
Unrestricted	<u>(16,499,714)</u>
Total Net Position	<u><u>\$ (16,312,461)</u></u>

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Government Activities:					
General Government	\$ 370,574	\$ 206,103	\$ -	\$ -	\$ (164,471)
Interest and Related Costs on Long-Term Debt	1,129,097	-	-	-	(1,129,097)
Conveyance of Capital Assets to Other Entities	12,125,543	-	-	-	(12,125,543)
Total Government Activities	<u>\$ 13,625,214</u>	<u>\$ 206,103</u>	<u>\$ -</u>	<u>\$ -</u>	(13,419,111)
GENERAL REVENUES					
Property Taxes					714,149
Specific Ownership Taxes					57,203
Interest Income					28,946
Total General Revenues					<u>800,298</u>
CHANGE IN NET POSITION					(12,618,813)
Net Position - Beginning of Year as Restated					<u>(3,693,648)</u>
NET POSITION - END OF YEAR					<u>\$ (16,312,461)</u>

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 20,835	\$ 290,223	\$ -	\$ 311,058
Cash and Investments - Restricted	3,900	6,400	1,010,404	1,020,704
Accounts Receivable	-	10,998	-	10,998
Receivable from County Treasurer	741	-	3,708	4,449
Prepaid Expenses	-	27,107	-	27,107
Property Taxes Receivable	152,122	-	760,596	912,718
Total Assets	<u>\$ 177,598</u>	<u>\$ 334,728</u>	<u>\$ 1,774,708</u>	<u>\$ 2,287,034</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 6,468	\$ 18,082	\$ -	\$ 24,550
Prepaid Operations Fees	-	11,938	-	11,938
Total Liabilities	<u>6,468</u>	<u>30,020</u>	<u>-</u>	<u>36,488</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	152,122	-	760,596	912,718
Total Deferred Inflows of Resources	<u>152,122</u>	<u>-</u>	<u>760,596</u>	<u>912,718</u>
FUND BALANCES				
Nonspendable	-	27,107	-	27,107
Restricted:				
Emergency Reserves	3,900	6,400	-	10,300
Debt Service	-	-	1,014,112	1,014,112
Committed:				
Operations - Fees	-	271,201	-	271,201
Unassigned	15,108	-	-	15,108
Total Fund Balances	<u>19,008</u>	<u>304,708</u>	<u>1,014,112</u>	<u>1,337,828</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 177,598</u>	<u>\$ 334,728</u>	<u>\$ 1,774,708</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.

Capital Assets, Net of Accumulated Depreciation 215,503

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(12,012,000)
Bond Interest Payable	(482,372)
Cost of Refunding	929,858
Original Issue Premium	(112,603)
Developer Advances Payable	(4,573,559)
Accrued Interest on Developer Advances	<u>(1,615,116)</u>

Net Position of Governmental Activities \$ (16,312,461)

See accompanying Notes to Basic Financial Statements.

CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Special Revenue	Debt Service	Total Governmental Funds
REVENUES				
Property Taxes	\$ 119,021	\$ -	\$ 595,128	\$ 714,149
Specific Ownership Taxes	9,533	-	47,670	57,203
Interest Income	506	6,806	21,634	28,946
Operations Fee	-	206,103	-	206,103
Total Revenues	129,060	212,909	664,432	1,006,401
EXPENDITURES				
General, Administrative, and Operations:				
Accounting	34,323	-	-	34,323
Audit	4,700	-	-	4,700
County Treasurer's Fees	1,786	-	8,930	10,716
Insurance	4,040	18,643	-	22,683
Dues	543	-	-	543
Legal	47,155	9,050	-	56,205
Miscellaneous	747	-	-	747
Grounds Cleanup	-	892	-	892
Holiday Lighting	-	499	-	499
Landscape Maintenance - Contract	-	69,240	-	69,240
Landscape Replacements	-	20,080	-	20,080
District Management	-	22,436	-	22,436
Facilities Management - Transfer Fee	-	2,400	-	2,400
Postage and Delivery	-	3,917	-	3,917
Community Activities	-	8,607	-	8,607
Sprinkler Repair	-	18,151	-	18,151
Snow Removal	-	18,615	-	18,615
Water	-	75,656	-	75,656
Lighting	-	688	-	688
Electric	-	2,496	-	2,496
Repay Developer Advance	40,000	-	-	40,000
Website	-	2,257	-	2,257
Debt Service:				
Paying Agent Fees	-	-	8,000	8,000
Bond Interest	-	-	477,881	477,881
Total Expenditures	133,294	273,627	494,811	901,732
NET CHANGE IN FUND BALANCES	(4,234)	(60,718)	169,621	104,669
Fund Balances - Beginning of Year	23,242	365,426	844,491	1,233,159
FUND BALANCES - END OF YEAR	<u>\$ 19,008</u>	<u>\$ 304,708</u>	<u>\$ 1,014,112</u>	<u>\$ 1,337,828</u>

See accompanying Notes to Basic Financial Statements.

CUNDALL FARMS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net Changes in Fund Balances - Total Governmental Funds	\$	104,669
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of any cost of any depreciable asset over the estimated useful life of the asset.

Conveyance of Capital Assets to Other Entities	(12,125,543)	
Depreciation		(3,653)

Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of Developer Advance - Interest		40,000
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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.

Accrued Interest on Developer Advances - Change in Liability	(365,884)	
Accrued Interest on Bonds - Change in Liability		(226,925)
Amortization of Bond Premium		5,715
Amortization of Deferred Cost of Refunding		(47,192)

Change in Net Position of Governmental Activities	\$	<u>(12,618,813)</u>
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**CUNDALL FARMS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts			Variance -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Property Taxes	\$ 119,021	\$ 119,021	\$ 119,021	\$ -
Specific Ownership Taxes	7,141	7,141	9,533	2,392
Interest Income	786	786	506	(280)
Total Revenues	126,948	126,948	129,060	2,112
EXPENDITURES				
Current:				
Accounting	25,000	35,000	34,323	677
Audit	4,700	4,700	4,700	-
County Treasurer's Fees	1,785	1,786	1,786	-
Insurance	4,180	4,040	4,040	-
Dues	500	543	543	-
Legal	30,000	56,000	47,155	8,845
Miscellaneous	400	931	747	184
Contingency	3,435	-	-	-
Repay Developer Advance	40,000	40,000	40,000	-
Total Expenditures	110,000	143,000	133,294	9,706
NET CHANGE IN FUND BALANCE	16,948	(16,052)	(4,234)	11,818
Fund Balance - Beginning of Year	21,255	23,242	23,242	-
FUND BALANCE - END OF YEAR	<u>\$ 38,203</u>	<u>\$ 7,190</u>	<u>\$ 19,008</u>	<u>\$ 11,818</u>

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 3,500	\$ 3,500	\$ 6,806	\$ 3,306
Operations Fee	233,802	233,802	206,103	(27,699)
Park Fees	1,000	1,000	-	(1,000)
Tree Replacement - KB Homes	20,000	20,000	-	(20,000)
Total Revenues	258,302	258,302	212,909	(45,393)
EXPENDITURES				
Current:				
Insurance	-	18,643	18,643	-
Legal	3,000	15,000	9,050	5,950
Miscellaneous	-	1,117	-	1,117
Grounds Cleanup	-	1,000	892	108
Holiday Lighting	3,000	5,000	499	4,501
Landscape Maintenance - Contract	48,900	79,740	69,240	10,500
Landscape Replacements	40,000	40,000	20,080	19,920
District Management	20,600	20,600	22,436	(1,836)
Facilities Management - Transfer Fee	20,000	10,000	2,400	7,600
Postage and Delivery	4,000	4,000	3,917	83
Community Activities	12,000	12,000	8,607	3,393
Sprinkler Repair	8,000	5,000	18,151	(13,151)
Snow Removal	20,000	26,000	18,615	7,385
Water	25,000	70,000	75,656	(5,656)
Tract Conveyance	1,200	-	-	-
Backflow Testing	1,200	1,200	-	1,200
Lighting	1,500	6,000	688	5,312
Electric	1,200	1,700	2,496	(796)
Website	-	-	2,257	(2,257)
Total Expenditures	209,600	317,000	273,627	43,373
NET CHANGE IN FUND BALANCE	48,702	(58,698)	(60,718)	(2,020)
Fund Balance - Beginning of Year	310,972	365,426	365,426	-
FUND BALANCE - END OF YEAR	<u>\$ 359,674</u>	<u>\$ 306,728</u>	<u>\$ 304,708</u>	<u>\$ (2,020)</u>

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

Cundall Farms Metropolitan District (District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the County of Adams, Colorado on December 16, 2009, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the boundaries of the City of Thornton, Colorado.

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 follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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.

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

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. 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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds. 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. Redemption of bonds is 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 District 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 taxes, specific ownership taxes and operations fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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 Special Revenue Fund accounts for the operations fees billed and collected from the homeowners of the District and expenses paid to cover landscaping and maintenance costs of the District.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2019.

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 fund's average equity balance in the total cash.

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.

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

Operations Fees

The District charges an operations fee to homeowners to cover costs related to district management and maintenance of district property and facilities. Excess fees at year-end are reflected as committed fund balance.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable 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 acquisition value at the date of donation.

Capital assets that are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

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 fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation

30 Years

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds, using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, cost of refunding, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 311,058
Cash and Investments - Restricted	<u>1,020,704</u>
Total Cash and Investments	<u><u>\$ 1,331,762</u></u>

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

Deposits with Financial Institutions	\$ 72,609
Investments	<u>1,259,153</u>
Total	<u><u>\$ 1,331,762</u></u>

Deposits with Financial Institutions

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 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.

As of December 31, 2019, the District had a bank and a carrying balance of \$72,609.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 1,259,153</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE'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 CSAFE. CSAFE is rated AAAm by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2019, follows:

	Balance - December 31, 2018	Additions	Deletions / Reclassifications	Balance - December 31, 2019
<u>Governmental Type Activities</u>				
Capital Assets Not Being Depreciated:				
<i>Public improvements to be conveyed and/or awaiting formal acceptance from other governmental entities</i>	\$ 12,344,699	\$ -	\$ 12,344,699	\$ -
Total Capital Assets, Not Being Depreciated	<u>\$ 12,344,699</u>	<u>\$ -</u>	<u>\$ 12,344,699</u>	<u>\$ -</u>
Capital Assets, Being Depreciated:				
Parks and Recreation	-	219,156	-	219,156
Total Capital Assets, Being Depreciated	-	219,156	-	219,156
Less Accumulated Depreciation for:				
Parks and Recreation	-	(3,653)	-	(3,653)
Total Accumulated Depreciation	-	(3,653)	-	(3,653)
Total Capital Assets, Being Depreciated	-	215,503	-	215,503
Governmental Activities Capital Assets, Net	<u>\$ 12,344,699</u>	<u>\$ 215,503</u>	<u>\$ 12,344,699</u>	<u>\$ 215,503</u>

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2018	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2019	Due Within One Year
G.O. Bonds - Series 2017A	\$ 9,720,000	\$ -	\$ -	\$ 9,720,000	\$ 75,000
G.O. Bonds - Series 2017B	1,500,000	-	-	1,500,000	-
G.O. Bonds - Series 2017C	792,000	-	-	792,000	-
Bond Premium	118,318	-	5,715	112,603	-
Accrued and Unpaid Interest - 2017B	115,883	119,550	-	235,433	-
Accrued and Unpaid Interest - 2017C	99,741	107,375	-	207,116	-
Developer Advances - Operations	164,941	-	-	164,941	-
Developer Advances - Capital	4,408,618	-	-	4,408,618	-
Accrued Interest - Developer Advances - Operations	44,502	13,195	40,000	17,697	-
Accrued Interest - Developer Advances - Capital	1,244,730	352,689	-	1,597,419	-
Total	<u>\$ 18,208,733</u>	<u>\$ 592,809</u>	<u>\$ 45,715</u>	<u>\$ 18,755,827</u>	<u>\$ 75,000</u>

\$9,720,000 Series 2017A General Obligation Refunding Bonds, \$1,500,000 Series 2017B Subordinate Limited Tax General Obligation Improvement Bonds, \$792,000 Series 2017C Limited Tax Junior Lien Subordinate General Obligation Bonds

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 were used to pay for public improvements within the boundaries of the District and paying the costs of issuing the 2017B Bonds. The proceeds from the sale of the 2017C Bonds were used to pay for public improvements within the boundaries of the District and paying certain costs of issuing the 2017C Bonds.

The 2017A Bonds bear interest at 4.625% to 5.000%, 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, 2020. The 2017A Bonds mature on December 1, 2032 and December 1, 2047. The maximum amount of the Senior Surplus Fund is \$972,000.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$9,720,000 Series 2017A General Obligation Refunding Bonds, \$1,500,000 Series 2017B Subordinate Limited Tax General Obligation Improvement Bonds, \$792,000 Series 2017C Limited Tax Junior Lien Subordinate General Obligation Bonds (Continued)

The 2017A Bonds are subject to redemption prior to maturity, at the option of the District, as follows:

Date of Redemption	Redemption Premium
December 1, 2022, to November 30, 2023	3.00%
December 1, 2023, to November 30, 2024	2.00
December 1, 2024, to November 30, 2025	1.00
December 1, 2025, and thereafter	0.00

The 2017A Bonds are secured by and payable from Senior Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collection: 1) all Senior Property Tax Revenues; 2) all Senior Specific Ownership Tax Revenues; and 3) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

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 discharge on December 15, 2055, regardless of the amount of principal and interest paid on the 2017B Bonds prior to such Subordinate Termination Date.

The 2017B Bonds are subject to redemption prior to maturity, at the option of the District, as follows:

Date of Redemption	Redemption Premium
December 15, 2022, to December 14, 2023	3.00%
December 15, 2023, to December 14, 2024	2.00
December 15, 2024, to December 14, 2025	1.00
December 15, 2025, and thereafter	0.00

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 15, 2055, regardless of the amount of principal and interest paid on the 2017C Bonds prior to such Termination Date.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$9,720,000 Series 2017A General Obligation Refunding Bonds, \$1,500,000 Series 2017B Subordinate Limited Tax General Obligation Improvement Bonds, \$792,000 Series 2017C Limited Tax Junior Lien Subordinate General Obligation Bonds (Continued)

The 2017C Bonds are subject to redemption prior to maturity, at the option of the District, as follows:

Date of Redemption	Redemption Premium
December 15, 2022, to December 14, 2023	3.00%
December 15, 2023, to December 14, 2024	2.00
December 15, 2024, to December 14, 2025	1.00
December 15, 2025, and thereafter	0.00

The District's long-term obligations for the 2017A Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2024-2028	820,000	2,222,906	3,042,906
2029-2033	1,195,000	1,999,750	3,194,750
2034-2038	1,700,000	1,662,750	3,362,750
2039-2043	2,355,000	1,175,750	3,530,750
2044-2047	3,230,000	468,500	3,698,500
Total	<u>\$ 9,720,000</u>	<u>\$ 9,415,976</u>	<u>\$ 19,135,976</u>

Debt Authorization

On November 3, 2009, the District's voters authorized total indebtedness of \$125,000,000 for public improvements, \$5,000,000 for operations and maintenance, \$20,000,000 each for 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, as adjusted for changes in the assessment ratio, which resulted in an increase to 55.664 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 debt has been voted upon. The final year to impose a debt service mill levy is 2054.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

At December 31, 2019, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 3, 2009 Election	Authorization Used Series 2014	Authorization Used Series 2016	Authorization Used Series 2017	Remaining at December 31, 2019
Streets	\$ 20,000,000	\$ 3,192,000	\$ 736,000	\$ 1,071,000	\$ 15,001,000
Parks and Recreation	20,000,000	307,000	70,000	102,000	19,521,000
Water	20,000,000	643,000	148,000	215,000	18,994,000
Sanitation/Storm Sewer	20,000,000	2,693,000	621,000	904,000	15,782,000
Transportation	5,000,000	-	-	-	5,000,000
Mosquito Control	5,000,000	-	-	-	5,000,000
Safety Protection	20,000,000	-	-	-	20,000,000
Fire Protection	5,000,000	-	-	-	5,000,000
Television and Relay	5,000,000	-	-	-	5,000,000
Security	5,000,000	-	-	-	5,000,000
Operations and Maintenance	5,000,000	-	-	-	5,000,000
Refunding of Debt	20,000,000	-	-	9,720,000	10,280,000
Governmental IGA's	20,000,000	-	-	-	20,000,000
Private IGA's	20,000,000	-	-	-	20,000,000
Total	<u>\$ 190,000,000</u>	<u>\$ 6,835,000</u>	<u>\$ 1,575,000</u>	<u>\$ 12,012,000</u>	<u>\$ 169,578,000</u>

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Capital Assets, Net	\$ 215,503
Outstanding Long-Term Debt Applicable to Capital Assets	(213,249)
Unspent Bond Proceeds Applicable to Capital Assets	22,094
Outstanding Developer Advances Related to Capital Assets	(78,266)
Net Investment in Capital Assets	<u>\$ (53,918)</u>

The restricted component of net position consists of assets 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.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 NET POSITION (CONTINUED)

The District's restricted net position as of December 31, 2019 is as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 10,300
Debt Service	230,871
Total	<u>\$ 241,171</u>

The District has a deficit in unrestricted net position. This deficit amount was a result of the District being responsible for the financing and repayment of debt obligations and advances for the construction of public improvements conveyed to other governmental entities.

NOTE 7 AGREEMENTS

Funding and Reimbursement Agreement

On November 28, 2012, the Funding and Reimbursement Agreement was entered into between Cundall Farms Metropolitan District (the District) and Cundall Farms, LLC (the Developer). The agreement provides that the Developer will advance to the District funds required by the District for the District's permitted purposes. The Developer agrees to loan to the District an amount that does not exceed the aggregate of \$100,000 per annum for five years, up to \$500,000. Developer advances will accrue simple interest at a rate of 8% per annum, from the date any such advance is made, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. The term for repayment of this obligation shall not extend beyond forty (40) years from the date of this agreement.

As of December 31, 2019, \$164,941 was outstanding with accrued interest of \$17,697.

Operations Shortfall Funding Agreement

On March 3, 2016, the District and KB Homes Colorado Inc. (the Homebuilder) entered into an Operations Shortfall Funding Agreement (the Operations Shortfall Funding Agreement). Pursuant to the Operations Shortfall Funding Agreement, the Homebuilder agrees to pay to the District, in the time and manner set forth in the Operations Shortfall Funding Agreement, amounts sufficient to pay the Operations Costs Shortfall (defined generally as the difference between the District's operations revenue available to pay operations costs and the actual operations costs) for calendar years 2015 through 2019. The Operations Shortfall Funding Agreement provides that all amounts funded by the Homebuilder to pay Operations Costs Shortfalls are deemed to be a contribution to the District by the Homebuilder, and there will be no obligation, present or future, of the District to pay or reimburse the Homebuilder. No amounts have been contributed by the Homebuilder as of December 31, 2019.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreement

On November 28, 2012, the Infrastructure Acquisition and Reimbursement Agreement was made and entered into between the District and the Developer. The Developer has incurred certain costs related to the Public Infrastructure for the benefit of the District, and expects to incur additional costs related thereto, on the condition that the District agrees to reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations, acquire any such Public Infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities, and to pay all reasonable costs related thereto, and to reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties. Repayment Obligation shall bear simple interest at a rate of 8% per annum from the date any such Repayment Obligation is incurred to the earlier of the date a Reimbursement Obligation is issued, or the date of payment of such amount in full.

As of December 31, 2019, \$4,408,618 was outstanding with accrued interest of \$1,597,419.

Intergovernmental Agreement with the City of Thornton

On June 7, 2012, the Intergovernmental Agreement (IGA) was made, and entered into, between the District and the City of Thornton. The IGA defines and clarifies the services that the District may provide, as well as those services that the District is prohibited from providing. The IGA defines and clarifies the limits on revenue sources for the District. Under the IGA, the District shall not exercise its City sales and use tax exemption.

NOTE 8 RELATED PARTIES

The Developer of the property that constitutes the District is Cundall Farms, LLC. As of December 31, 2019 certain members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

The Homebuilder of the project is KB Homes Colorado Inc. and as of December 31, 2019, certain Board members are employees, owners, or otherwise associated with the Homebuilder, and may have conflicts of interest in dealing with the District.

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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). 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.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, workers compensation, and public officials' liability 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 that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

On November 3, 2009, the District's voters approved for an annual increase in taxes of \$5,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

SUPPLEMENTARY INFORMATION

**CUNDALL FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Property Taxes	\$ 595,128	\$ 595,128	\$ -
Specific Ownership Taxes	35,708	47,670	11,962
Interest Income	14,000	21,634	7,634
Total Revenues	<u>644,836</u>	<u>664,432</u>	<u>19,596</u>
EXPENDITURES			
Paying Agent Fees	3,000	8,000	(5,000)
County Treasurer's Fees	8,927	8,930	(3)
Bond Interest	477,881	477,881	-
Contingency	10,192	-	10,192
Total Expenditures	<u>500,000</u>	<u>494,811</u>	<u>5,189</u>
NET CHANGE IN FUND BALANCE	144,836	169,621	24,785
Fund Balance - Beginning of Year	<u>846,857</u>	<u>844,491</u>	<u>(2,366)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 991,693</u></u>	<u><u>\$ 1,014,112</u></u>	<u><u>\$ 22,419</u></u>

OTHER INFORMATION

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019**

	\$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		
Bonds and Interest Maturing in the Year Ending December 31.	Principal	Interest	Total
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
Total	<u>\$ 9,720,000</u>	<u>\$ 9,415,976</u>	<u>\$ 19,135,976</u>

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2015	\$ 47,800	10.000	50.000	\$ 2,868	\$ 2,556	89.12%
2016	768,070	10.000	50.000	46,085	46,084	100.00
2017	2,926,660	10.000	50.000	175,600	175,600	100.00
2018	9,100,660	11.055	55.277	603,665	602,577	99.82
2019	10,766,290	11.055	55.277	714,149	714,149	100.00
Estimated for the Year Ending December 31, 2020	\$ 13,664,050	11.133	55.664	\$ 912,718		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.