

CUNDALL FARMS METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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July 30, 2018

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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 the Cundall Farms Metropolitan District as of and for the year December 31, 2017, 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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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 the Cundall Farms Metropolitan District, as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required 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 the Cundall Farms Metropolitan District's basic financial statements. The budget to actual schedules for the Debt Service and Capital Projects Funds (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.

Dussio & Associates, P.C.

July 25, 2018

BASIC FINANCIAL STATEMENTS

**CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
Year Ended December 31, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 213,062
Cash and investments - Restricted	770,085
Receivable from County Treasurer	1,379
Property taxes receivable	603,665
Prepaid expenses	3,061
Capital assets	13,342,002
Total assets	<u>14,933,254</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost of refunding	1,022,538
Total deferred inflows of resources	<u>1,022,538</u>
LIABILITIES	
Accounts payable	34,800
Bond interest payable	21,454
Noncurrent liabilities	
Due in more than one year	18,760,161
Total liabilities	<u>18,816,415</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	603,665
Total deferred inflows of resources	<u>603,665</u>
NET POSITION	
Restricted for:	
Emergency reserves	5,600
Unrestricted	(3,469,888)
Total net position	<u><u>\$ (3,464,288)</u></u>

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

**CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Government activities:					
General government	\$ 91,738	\$ 154,176	\$ -	\$ -	\$ 62,438
Interest and related costs on long-term debt	1,600,111	-	-	-	(1,600,111)
	<u>\$ 1,691,849</u>	<u>\$ 154,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,537,673)</u>
General revenues:					
Property taxes					175,600
Specific ownership taxes					16,019
Other income					495
Interest income					10,157
Total general revenues					<u>202,271</u>
Change in net position					(1,335,402)
Net position - Beginning					<u>(2,128,886)</u>
Net position - Ending					<u>\$ (3,464,288)</u>

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

**CUNDALL FARMS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	\$ 213,062	\$ -	\$ -	\$ 213,062
Cash and investments - Restricted	5,600	763,985	500	770,085
Receivable from County Treasurer	230	1,149	-	1,379
Prepaid expenses	3,061	-	-	3,061
Property taxes receivable	100,608	503,057	-	603,665
Total assets	\$ 322,561	\$ 1,268,191	\$ 500	\$ 1,591,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Accounts payable	\$ 20,400	\$ 14,400	\$ -	\$ 34,800
Prepaid operations fees	-	-	-	-
Total liabilities	20,400	14,400	-	34,800
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	100,608	503,057	-	603,665
Total deferred inflows of resources	100,608	503,057	-	603,665
FUND BALANCES				
Nonspendable	3,061	-	-	3,061
Restricted for:				
Emergency reserves	5,600	-	-	5,600
Debt service	-	750,734	-	750,734
Committed				
Capital projects	-	-	500	500
Operations - fees	212,973	-	-	212,973
Unassigned	(20,081)	-	-	(20,081)
Total fund balances	201,553	750,734	500	952,787
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 322,561	\$ 1,268,191	\$ 500	

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		13,342,002
Capital assets		13,342,002
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		(30,046)
Developer advances payable		(5,570,862)
Cost of refunding		1,022,538
Original issue premium		(123,826)
Accrued interest on Developer advances		(1,044,881)
		\$ (3,464,288)

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

**CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 29,267	\$ 146,333	\$ -	\$ 175,600
Specific ownership taxes	2,669	13,350	-	16,019
Other revenue	-	-	495	495
Interest income	333	9,819	5	10,157
Operations fee	154,176	-	-	154,176
Total revenues	<u>186,445</u>	<u>169,502</u>	<u>500</u>	<u>356,447</u>
EXPENDITURES				
Current				
Accounting	18,903	-	-	18,903
Audit	4,700	-	-	4,700
County Treasurer's fees	439	2,195	-	2,634
Insurance and bonds	3,328	-	-	3,328
Dues & subscriptions	418	-	-	418
Legal	23,457	-	-	23,457
Miscellaneous	47	-	-	47
Grounds cleanup	6,300	-	-	6,300
Grounds maintenance	250	-	-	250
District management	12,352	-	-	12,352
Postage & delivery	1,786	-	-	1,786
Community activities	63	-	-	63
Transfer fees	17,500	-	-	17,500
Debt service				
Paying agent fees	-	5,508	-	5,508
Bond interest	-	469,906	-	469,906
Bond refunding payment	-	824,203	-	824,203
Bond issue costs	-	501,514	-	501,514
Total expenditures	<u>89,543</u>	<u>1,803,326</u>	<u>-</u>	<u>1,892,869</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>96,902</u>	<u>(1,633,824)</u>	<u>500</u>	<u>(1,536,422)</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	11,000	-	-	11,000
Bond issuance	-	12,012,000	-	12,012,000
Bond premium	-	123,826	-	123,826
Payment to escrow agent	-	(8,685,814)	-	(8,685,814)
Repay developer advance - principal	-	-	(2,205,532)	(2,205,532)
Transfer (to) from other funds	(7,559)	(2,205,532)	2,213,091	-
Total other financing sources (uses)	<u>3,441</u>	<u>1,244,480</u>	<u>7,559</u>	<u>1,255,480</u>
NET CHANGE IN FUND BALANCES	<u>100,343</u>	<u>(389,344)</u>	<u>8,059</u>	<u>(280,942)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>101,210</u>	<u>1,140,078</u>	<u>(7,559)</u>	<u>1,233,729</u>
FUND BALANCES - END OF YEAR	<u>\$ 201,553</u>	<u>\$ 750,734</u>	<u>\$ 500</u>	<u>\$ 952,787</u>

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

**CUNDALL FARMS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net changes in fund balances - Total governmental funds	\$ (280,942)
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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:

Developer advances	(11,000)
Repayment of developer advance	2,205,532
Bond issuance	(12,012,000)
Bond premium	(123,826)
Bond principal refunded - Series 2014	6,835,000
Bond principal refunded - Series 2016	1,575,000
Deferred cost of refunding	1,022,538

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	(613,136)
Accrued interest on bonds - Change in liability	67,432

Change in net position of governmental activities	\$ (1,335,402)
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 29,267	\$ 29,267	\$ 29,267	\$ -
Specific ownership taxes	2,341	2,341	2,669	328
Interest Income	200	200	333	133
Operations Fee	128,530	128,530	154,176	25,646
Total revenues	<u>160,338</u>	<u>160,338</u>	<u>186,445</u>	<u>26,107</u>
EXPENDITURES				
Accounting	20,000	20,000	18,903	1,097
Audit	5,000	5,000	4,700	300
County Treasurer's fees	439	439	439	-
Insurance and bonds	4,500	4,500	3,328	1,172
Dues & subscriptions	500	500	418	82
Legal	25,000	25,000	23,457	1,543
Miscellaneous	100	100	47	53
Contingency	1,461	19,461	-	19,461
Grounds cleanup	50,000	50,000	6,300	43,700
Grounds maintenance	-	-	250	(250)
District management	16,800	16,800	12,352	4,448
Postage & delivery	1,200	1,200	1,786	(586)
Community activities	-	-	63	(63)
Sprinkler repair	5,300	5,300	-	5,300
Snow removal	8,000	8,000	-	8,000
Transfer fees	-	-	17,500	(17,500)
Water & sewer	36,000	36,000	-	36,000
Backflow testing	1,200	1,200	-	1,200
Electric	500	500	-	500
Total expenditures	<u>176,000</u>	<u>194,000</u>	<u>89,543</u>	<u>104,457</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,662)</u>	<u>(33,662)</u>	<u>96,902</u>	<u>130,564</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	24,000	24,000	11,000	(13,000)
Transfers to other funds	-	-	(7,559)	(7,559)
Total other financing sources (uses)	<u>24,000</u>	<u>24,000</u>	<u>3,441</u>	<u>(20,559)</u>
NET CHANGE IN FUND BALANCES	8,338	(9,662)	100,343	110,005
FUND BALANCES - BEGINNING OF YEAR	<u>96,275</u>	<u>96,275</u>	<u>101,210</u>	<u>4,935</u>
FUND BALANCES - END OF YEAR	<u>\$ 104,613</u>	<u>\$ 86,613</u>	<u>\$ 201,553</u>	<u>\$ 114,940</u>

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

CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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 FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 instead 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities

CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017.

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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred 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 FINANCIAL STATEMENTS
December 31, 2017

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 which 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.

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/expenditure) 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 outflows 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 FINANCIAL STATEMENTS
December 31, 2017**

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 FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 213,062
Cash and investments - Restricted	<u>770,085</u>
Total cash and investments	<u>\$ 983,147</u>
Deposits with financial institutions	\$ 184,856
Investments	<u>798,291</u>
Total	<u>\$ 983,147</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, 2017, the District had a bank balance of \$203,718 and a carrying balance of \$184,856.

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 FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND 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, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 798,291</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 using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2017</u>
Governmental Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 13,342,002	\$ -	\$ -	\$ 13,342,002
Total capital assets, not being depreciated	<u>\$ 13,342,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,342,002</u>

The District will convey certain public improvements to other governmental entities. It is also anticipated that the District will own and maintain certain landscaping improvements once the improvements have been completed and conveyed to the District.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirement of Long-Term Obligations</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
G.O. Bonds - Series 2014	\$ 6,835,000	\$ -	\$ 6,835,000	\$ -	\$ -
G.O. Bonds - Series 2016	1,575,000	-	1,575,000	-	-
G.O. Bonds - Series 2016 accrued interest	58,319	19,160	77,479	-	-
G.O. Bonds - Series 2017A	-	9,720,000	-	9,720,000	-
G.O. Bonds - Series 2017B	-	1,500,000	-	1,500,000	-
G.O. Bonds - Series 2017C	-	792,000	-	792,000	-
Accrued and unpaid interest - 2017B	-	4,621	-	4,621	-
Accrued and unpaid interest - 2017C	-	3,971	-	3,971	-
Bond premium	-	123,826	-	123,826	-
Developer advances - operations	153,941	11,000	-	164,941	-
Developer advances - capital	7,611,453	-	2,205,532	5,405,921	-
Accrued interest -					
Developer advances - operations	18,869	12,438	-	31,307	-
Accrued interest -					
Developer advances - capital	412,876	600,698	-	1,013,574	-
	<u>\$ 16,665,458</u>	<u>\$12,787,714</u>	<u>\$ 10,693,011</u>	<u>\$ 18,760,161</u>	<u>\$ -</u>

CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

\$6,835,000 Series 2014 General Obligation Bonds

On August 29, 2014, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds in the amount of \$6,835,000. The Bonds bear interest at a rate of 6.875% per annum, with interest payable on June 1 and December 1, and principal payable on December 1. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2019, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The Bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2020, and each December 1 thereafter.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due/payable. The District must levy 50.000 mills, as adjusted, so long as the amount on deposit in the Surplus Fund is less than the Required Surplus Fund amount of \$683,500.

\$1,575,000 Series 2016 General Obligation Subordinate Bonds

On June 23, 2016, the District issued Subordinate Bonds in the amount of \$1,575,000. The proceeds from the sale of the Bonds were used for the purposes of reimbursing the construction costs of public infrastructure improvements benefitting the District, paying costs of issuance of the Subordinate Bonds, and transferring \$100,000 from the Subordinate Project fund to the 2014 Senior Surplus fund. Interest on the Subordinate Bonds is at a rate of 7.75% per annum is payable annually on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are subject to optional redemption prior to maturity as described in the Subordinate Indenture.

The Subordinate Bonds are secured by and payable solely from Pledged Revenue defined in the Subordinate Indenture as the moneys derived by the District, net of any costs of collection, from: (i) property taxes derived from the Required Subordinate Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Subordinate Mill Levy; and (iii) revenue, if any, available for the Subordinate Bonds after all amounts required by the Senior Indenture are applied by the trustee for Senior Bonds. Pledged Revenue for the Subordinate Bonds is subordinate to the revenue pledged to the 2014 Senior Bonds. While the 2014 Senior Bonds are secured by a Senior Reserve Fund and a Senior Surplus Fund, there is no reserve fund or surplus fund which secures the Subordinate Bonds. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. The Required Subordinate Mill Levy may not be imposed after 2054. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 15, 2054, such amounts shall be extinguished and shall no longer be due and payable.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On December 14, 2017, the District advance refunded and defeased \$6,835,000 of General Obligation Bonds (Series 2014) with an average interest rate of 6.875% and \$1,575,000 of General Obligation Bonds (Series 2016) with an average interest rate of 7.75% by the issuance of \$9,720,000 General Obligation Refunding Bonds dated December 14, 2017 with an average interest rate of 4.96%. The District advance refunded the Series 2014 and Series 2016 bonds to reduce its total debt service payments over the next 30 years by almost \$1,234,000 and achieve an economic gain of \$1,021,674. Restrictions on the monies restricted for interest payments and the reserve account pertaining to the defeased bonds were removed under the new refunding. The defeased bonds are not considered a liability of the District since sufficient funds in the amount of \$9,510,017 were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds until the call date, at which point the bonds will be repaid in its entirety from the remaining funds in the escrow account. The Series 2014 Bonds will be redeemed on December 1, 2019 and the Series 2016 Bonds will be redeemed on December 15, 2019. As of December 31, 2017, the outstanding principal balance of the Series 2014 bonds is \$6,835,000 and the outstanding balance of the Series 2016 Bonds is \$1,575,000.

**\$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 will be applied to public improvements and paying the costs of issuing the 2017B Bonds. The proceeds from the sale of the 2017C Bonds will be applied to public improvements for the District and paying certain costs of issuing the 2017C Bonds.

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

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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.

The District's long-term obligations will mature as follows:

	Governmental Activities		
	Principal	Interest	Total
2018	\$ -	\$ 460,624	\$ 460,624
2019	-	477,881	477,881
2020	75,000	477,881	552,881
2021	100,000	474,413	574,413
2022	120,000	469,788	589,788
2023-2027	750,000	2,257,594	3,007,594
2028-2032	1,120,000	2,051,550	3,171,550
2033-2037	1,580,000	1,741,750	3,321,750
2038-2042	2,215,000	1,286,500	3,501,500
2043-2047	3,760,000	656,500	4,416,500
	\$ 9,720,000	\$ 10,354,481	\$ 20,074,481

Debt Authorization

On November 3, 2009, the District's voters authorized total indebtedness of \$125,000,000 for facilities, \$5,000,000 for operations and maintenance, \$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, as adjusted for changes in the assessment ratio, which resulted in an increase to 55.277 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 final year to impose a debt service mill levy is 2054.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

At December 31, 2017, 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, 2017
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 & Relay	5,000,000	-	-	-	5,000,000
Security	5,000,000	-	-	-	5,000,000
Operations & 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
	<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 two components - restricted and unrestricted.

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. The District had a restricted net position of \$5,600 for emergencies as of December 31, 2017.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, of which the majority will be conveyed to other governmental entities.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7- AGREEMENTS

Funding and Reimbursement Agreement

On November 28, 2012, the Funding and Reimbursement Agreement was made and 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 to be paid by the District for the District's permitted purposes. The District does not presently have financial resources to provide funding for payment of costs. 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. The interest rate shall be 8% per annum, from the date any such advance is made, simple interest, 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, 2017, \$164,941 was outstanding with accrued interest of \$31,308.

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 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, 2017.

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, 2017, \$5,405,921 was outstanding with accrued interest of \$1,013,575.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7- AGREEMENTS (CONTINUED)

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 which the District may provide, as well as, those services which 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 which constitutes the District is Cundall Farms, LLC. Three of five 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 two of the Board members are employees, owners, or otherwise associated with the Developer, 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.

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 which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

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.

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

SUPPLEMENTARY INFORMATION

**CUNDALL FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 146,333	\$ 146,333	\$ 146,333	\$ -
Specific ownership taxes	11,710	11,710	13,350	1,640
Interest income	-	-	9,819	9,819
Total revenues	<u>158,043</u>	<u>158,043</u>	<u>169,502</u>	<u>11,459</u>
EXPENDITURES				
Paying agent fees	3,000	3,000	5,508	(2,508)
County Treasurer's fees	2,195	2,195	2,195	-
Interest expense - bonds	469,906	469,906	469,906	-
Bond refunding payment		9,510,017	824,203	8,685,814
Bond issue costs	-	501,514	501,514	-
Contingency	991	-	-	-
Total expenditures	<u>476,092</u>	<u>10,486,632</u>	<u>1,803,326</u>	<u>8,683,306</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(318,049)</u>	<u>(10,328,589)</u>	<u>(1,633,824)</u>	<u>8,694,765</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	11,000,000	12,012,000	1,012,000
Bond premium	-	-	123,826	123,826
Payment to escrow agent	-	-	(8,685,814)	(8,685,814)
Transfer to other fund	-	(1,013,368)	(2,205,532)	(1,192,164)
Total other financing sources (uses)	<u>-</u>	<u>9,986,632</u>	<u>1,244,480</u>	<u>(8,742,152)</u>
NET CHANGE IN FUND BALANCES	(318,049)	(341,957)	(389,344)	(47,387)
FUND BALANCES - BEGINNING OF YEAR	<u>1,129,235</u>	<u>1,129,235</u>	<u>1,140,078</u>	<u>10,843</u>
FUND BALANCES - END OF YEAR	<u>\$ 811,186</u>	<u>\$ 787,278</u>	<u>\$ 750,734</u>	<u>\$ (36,544)</u>

**CUNDALL FARMS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 495	\$ 495
Net investment income	-	-	5	5
Total revenues	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
OTHER FINANCING SOURCES (USES)				
Repay developer advance - principal		(3,000,000)	(2,205,532)	794,468
Transfers from other fund	-	1,013,368	2,213,091	1,199,723
Total other financing sources (uses)	<u>-</u>	<u>(1,986,632)</u>	<u>7,559</u>	<u>1,994,191</u>
NET CHANGE IN FUND BALANCES	-	(1,986,632)	8,059	1,994,691
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>1,986,632</u>	<u>(7,559)</u>	<u>(1,994,191)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

OTHER INFORMATION

CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

Bonds and Interest Maturing in the Year Ending December 31,	\$9,720,000		
	General Obligation Bonds (Limited Tax Convertible to Unlimited Tax)		
	Series 2017A, Dated December 14, 2017		
	\$2,165,000 4.625% Term Bonds Due December 1, 2032		
	\$7,555,000 5.000% Term Bonds Due December 1, 2047		
	Interest Due June 1 and December 1		
	Principal Due December 1		
	Principal	Interest	Total
2018	\$ -	\$ 460,624	\$ 460,624
2019	-	477,881	477,881
2020	75,000	477,881	552,881
2021	100,000	474,413	574,413
2022	120,000	469,788	589,788
2023	125,000	464,238	589,238
2024	140,000	458,456	598,456
2025	145,000	451,981	596,981
2026	165,000	445,275	610,275
2027	175,000	437,644	612,644
2028	195,000	429,550	624,550
2029	205,000	420,531	625,531
2030	225,000	411,050	636,050
2031	235,000	400,644	635,644
2032	260,000	389,775	649,775
2033	270,000	377,750	647,750
2034	300,000	364,250	664,250
2035	310,000	349,250	659,250
2036	340,000	333,750	673,750
2037	360,000	316,750	676,750
2038	390,000	298,750	688,750
2039	410,000	279,250	689,250
2040	445,000	258,750	703,750
2041	465,000	236,500	701,500
2042	505,000	213,250	718,250
2043	530,000	188,000	718,000
2044	570,000	161,500	731,500
2045	600,000	133,000	733,000
2046	640,000	103,000	743,000
2047	1,420,000	71,000	1,491,000
	\$ 9,720,000	\$ 10,354,481	\$ 20,074,481

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2014	\$ 41,690	60.000	0.000	\$ 2,501	\$ 2,501	100.00%
2015	\$ 47,800	10.000	50.000	\$ 2,868	\$ 2,556	89.12%
2016	\$ 768,070	10.000	50.000	\$ 46,085	\$ 46,084	99.99%
2017	\$ 2,926,660	10.000	50.000	\$ 175,601	\$ 175,600	99.99%
Estimated for the year ending December 31, 2018	\$ 9,100,660	11.055	55.277	\$ 603,665		

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.