

**CUNDALL FARMS METROPOLITAN DISTRICT  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**CUNDALL FARMS METROPOLITAN DISTRICT  
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## Independent Auditor's Report

Board of Directors  
Cundall Farms Metropolitan District  
Adams County, Colorado

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Cundall Farms Metropolitan District (the "District") as of and for the year ended December 31, 2020, 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; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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, 2020, and the respective changes in financial position and the respective budgetary comparison 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.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information, as listed in the table of contents, has not been subject 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.

Sincerely,



Wipfli LLP  
Lakewood, Colorado

July 23, 2021

## **BASIC FINANCIAL STATEMENTS**

**CUNDALL FARMS METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 581,195
Cash and Investments - Restricted	1,274,480
Accounts Receivable	19,089
Receivable from County Treasurer	10,276
Prepaid Expenses	1,730
Property Taxes Receivable	912,516
Capital Assets, Net of Accumulated Depreciation	208,198
Total Assets	3,007,484
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost of Refunding	882,665
Total Deferred Outflows of Resources	882,665
<b>LIABILITIES</b>	
Accounts Payable	45,720
Bond Interest Payable	39,534
Prepaid Operations Fees	11,932
Noncurrent Liabilities:	
Due Within One Year	100,000
Due in More Than One Year	19,148,290
Total Liabilities	19,345,476
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	912,516
Total Deferred Inflows of Resources	912,516
<b>NET POSITION</b>	
Net Investment in Capital Assets	(68,795)
Restricted For:	
Emergency Reserves	19,600
Debt Service	477,222
Unrestricted	(16,795,870)
Total Net Position	\$ (16,367,843)

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Government Activities:					
General Government	\$ 373,187	\$ 225,616	\$ -	\$ -	\$ (147,571)
Interest and Related Costs on Long-Term Debt	1,155,323	-	-	-	(1,155,323)
Total Government Activities	\$ 1,528,510	\$ 225,616	\$ -	\$ -	(1,302,894)
 <b>GENERAL REVENUES</b>					
Property Taxes					910,542
Specific Ownership Taxes					66,982
Net Investment Income					8,804
Other Revenue					261,185
Total General Revenues					1,247,513
 <b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					(16,312,461)
 <b>NET POSITION - END OF YEAR</b>					
					\$ (16,367,843)

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 50,063	\$ 531,132	\$ -	\$ 581,195
Cash and Investments - Restricted	5,000	14,600	1,254,880	1,274,480
Accounts Receivable	-	19,089	-	19,089
Receivable from County Treasurer	1,713	-	8,563	10,276
Due from Other Funds	3,687	-	-	3,687
Prepaid Expenses	1,402	328	-	1,730
Property Taxes Receivable	152,088	-	760,428	912,516
	<u>\$ 213,953</u>	<u>\$ 565,149</u>	<u>\$ 2,023,871</u>	<u>\$ 2,802,973</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 17,407	\$ 28,313	\$ -	\$ 45,720
Prepaid Operations Fees	-	11,932	-	11,932
Due to Other Funds	-	-	3,687	3,687
Total Liabilities	<u>17,407</u>	<u>40,245</u>	<u>3,687</u>	<u>61,339</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	152,088	-	760,428	912,516
Total Deferred Inflows of Resources	<u>152,088</u>	<u>-</u>	<u>760,428</u>	<u>912,516</u>
 <b>FUND BALANCES</b>				
Nonspendable	1,402	328	-	1,730
Restricted:				
Emergency Reserves	5,000	14,600	-	19,600
Debt Service	-	-	1,259,756	1,259,756
Committed:				
Operations Fees	-	509,976	-	509,976
Unassigned	38,056	-	-	38,056
Total Fund Balances	<u>44,458</u>	<u>524,904</u>	<u>1,259,756</u>	<u>1,829,118</u>
	<u>\$ 213,953</u>	<u>\$ 565,149</u>	<u>\$ 2,023,871</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	208,198
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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	(11,937,000)
Bond Interest Payable	(729,965)
Cost of Refunding	882,665
Original Issue Premium	(106,888)
Developer Advances Payable	(4,557,909)
Accrued Interest on Developer Advances	(1,956,062)

Net Position of Governmental Activities	<u>\$ (16,367,843)</u>
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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, 2020**

	General	Special Revenue	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 151,759	\$ -	\$ 758,783	\$ 910,542
Specific Ownership Taxes	11,164	-	55,818	66,982
Net Investment Income	262	1,542	7,000	8,804
Operations Fee	-	222,894	-	222,894
Violation and Late Fees	-	2,722	-	2,722
Other Revenue	2,173	259,012	-	261,185
Total Revenues	<u>165,358</u>	<u>486,170</u>	<u>821,601</u>	<u>1,473,129</u>
<b>EXPENDITURES</b>				
General, Administrative, and Operations:				
Accounting	29,447	-	-	29,447
Audit	6,700	-	-	6,700
County Treasurer's Fees	2,278	-	11,389	13,667
Election	5,660	-	-	5,660
Insurance	5,599	14,561	-	20,160
Dues	638	-	-	638
Legal	46,184	11,376	-	57,560
Miscellaneous	2,338	-	-	2,338
Municipal Advisor	-	-	3,687	3,687
Grounds Cleanup	-	19,875	-	19,875
Landscape Maintenance - Contract	-	63,000	-	63,000
District Management - Contract	-	12,360	-	12,360
District Management - Costs	-	2,935	-	2,935
Playground Inspection and Repairs	-	3,000	-	3,000
Community Activities	-	1,310	-	1,310
Sprinkler Repair	-	15,133	-	15,133
Snow Removal	-	17,233	-	17,233
Water	-	101,841	-	101,841
Electric	-	3,350	-	3,350
Website	1,064	-	-	1,064
Debt Service:				
Paying Agent Fees	-	-	8,000	8,000
Bond Principal	-	-	75,000	75,000
Bond Interest	-	-	477,881	477,881
Total Expenditures	<u>99,908</u>	<u>265,974</u>	<u>575,957</u>	<u>941,839</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	65,450	220,196	245,644	531,290
<b>OTHER FINANCING SOURCES (USES)</b>				
Repay Developer Advance	(40,000)	-	-	(40,000)
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	25,450	220,196	245,644	491,290
Fund Balances - Beginning of Year	<u>19,008</u>	<u>304,708</u>	<u>1,014,112</u>	<u>1,337,828</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 44,458</u>	<u>\$ 524,904</u>	<u>\$ 1,259,756</u>	<u>\$ 1,829,118</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, 2020**

Net Changes in Fund Balances - Total Governmental Funds \$ 491,290

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.

Depreciation (7,305)

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:

Payment of Bond Principal 75,000  
Repayment of Developer Advance 40,000

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 (365,296)  
Accrued Interest on Bonds - Change in Liability (247,593)  
Amortization of Bond Premium 5,715  
Amortization of Deferred Cost of Refunding (47,192)

Change in Net Position of Governmental Activities \$ (55,381)

**CUNDALL FARMS METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 152,122	\$ 151,759	\$ (363)
Specific Ownership Taxes	12,170	11,164	(1,006)
Net Investment Income	255	262	7
Other Revenue	-	2,173	2,173
Total Revenues	<u>164,547</u>	<u>165,358</u>	<u>811</u>
<b>EXPENDITURES</b>			
Accounting	26,250	29,447	(3,197)
Audit	4,700	6,700	(2,000)
County Treasurer's Fees	2,282	2,278	4
Election	15,000	5,660	9,340
Insurance	8,490	5,599	2,891
Director and Meeting Expenses	3,000	-	3,000
Dues	600	638	(38)
Legal	45,000	46,184	(1,184)
Miscellaneous	1,178	2,338	(1,160)
Website	2,500	1,064	1,436
Total Expenditures	<u>109,000</u>	<u>99,908</u>	<u>9,092</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	55,547	65,450	9,903
<b>OTHER FINANCING SOURCES (USES)</b>			
Repay Developer Advances	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	15,547	25,450	9,903
Fund Balance - Beginning of Year	<u>9,332</u>	<u>19,008</u>	<u>9,676</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 24,879</u>	<u>\$ 44,458</u>	<u>\$ 19,579</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, 2020**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 3,950	\$ 1,542	\$ (2,408)
Operations Fee	233,802	222,894	(10,908)
Park Fees	1,000	-	(1,000)
Violation and Late Fees	2,500	2,722	222
Legal Collection Fees	2,500	-	(2,500)
Other Revenue	-	259,012	259,012
Total Revenues	<u>243,752</u>	<u>486,170</u>	<u>242,418</u>
<b>EXPENDITURES</b>			
Basketball Court Maintenance	5,000	-	5,000
Insurance	20,000	14,561	5,439
Legal	10,000	11,376	(1,376)
Miscellaneous	1,370	-	1,370
Grounds Cleanup	10,000	19,875	(9,875)
Holiday Lighting	5,000	-	5,000
Landscape Maintenance - Contract	80,000	63,000	17,000
Landscape Replacements	40,000	-	40,000
District Management - Contract	21,630	12,360	9,270
District Management - Costs	5,000	2,935	2,065
Playground Inspection and Repairs	5,000	3,000	2,000
Community Activities	12,000	1,310	10,690
Sprinkler Repair	8,000	15,133	(7,133)
Snow Removal	20,000	17,233	2,767
Water	75,000	101,841	(26,841)
Tree Replacements	10,000	-	10,000
Lighting	5,000	-	5,000
Electric	2,000	3,350	(1,350)
Total Expenditures	<u>335,000</u>	<u>265,974</u>	<u>69,026</u>
<b>NET CHANGE IN FUND BALANCE</b>	(91,248)	220,196	311,444
Fund Balance - Beginning of Year	<u>310,732</u>	<u>304,708</u>	<u>(6,024)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 219,484</u>	<u>\$ 524,904</u>	<u>\$ 305,420</u>

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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, 2020**

**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. 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, 2020**

**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.

**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, 2020**

**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 capital 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
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**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, 2020**

**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, 2020**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 581,195
Cash and Investments - Restricted	1,274,480
Total Cash and Investments	\$ 1,855,675

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 123,557
Investments	1,732,118
Total	\$ 1,855,675

**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, 2020, the District had a bank balance of \$123,651 and a carrying balance of \$123,557.

**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, 2020**

**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, 2020, 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>\$ 1,732,118</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, 2020**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in property for the period ended December 31, 2020, follows:

	Balance - December 31, 2019	Additions	Deletions/ Reclassifications	Balance - December 31, 2020
<u>Governmental Type Activities</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)	(7,305)	-	(10,958)
Total Accumulated Depreciation	(3,653)	(7,305)	-	(10,958)
Total Capital Assets, Being Depreciated	215,503	(7,305)	-	208,198
Governmental Activities Capital Assets, Net	<u>\$ 215,503</u>	<u>\$ (7,305)</u>	<u>\$ -</u>	<u>\$ 208,198</u>

**CUNDALL FARMS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2020	Due Within One Year
G.O. Bonds - Series 2017A	\$ 9,720,000	\$ -	\$ 75,000	\$ 9,645,000	\$ 100,000
G.O. Bonds - Series 2017B	1,500,000	-	-	1,500,000	-
G.O. Bonds - Series 2017C	792,000	-	-	792,000	-
Bond Premium	112,603	-	5,715	106,888	-
Accrued and Unpaid Interest - 2017B	235,433	127,988	-	363,421	-
Accrued and Unpaid Interest - 2017C	207,116	119,894	-	327,010	-
Total Bonds Payable	12,567,152	247,882	80,715	12,734,319	100,000
Other Debt:					
Developer Advances - Operations	164,941	-	15,650	149,291	-
Developer Advances - Capital	4,408,618	-	-	4,408,618	-
Accrued Interest - Developer Advances - Operations	17,697	12,607	24,350	5,954	-
Accrued Interest - Developer Advances - Capital	1,597,419	352,689	-	1,950,108	-
Total Long-Term Obligations	\$ 18,755,827	\$ 613,178	\$ 120,715	\$ 19,248,290	\$ 100,000

**\$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 and with 2017A Bonds and 2017B Bonds, the Series 2017 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, 2020**

**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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
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, 2020**

**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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
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>
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
2026-2030	965,000	2,144,050	3,109,050
2031-2035	1,375,000	1,881,669	3,256,669
2036-2040	1,945,000	1,487,250	3,432,250
2041-2045	2,670,000	932,250	3,602,250
2046-2047	2,060,000	174,000	2,234,000
Total	<u>\$ 9,645,000</u>	<u>\$ 8,938,095</u>	<u>\$ 18,583,095</u>

In May 2021, the District refunded the Series 2017 Bonds with the issuance of 2021 Loan – see Note 11.

**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. 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, 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, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization (Continued)**

At December 31, 2020, 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, 2020
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, 2020, the District had net investment in capital assets calculated as follows:

	<u>Governmental Activities</u>
Capital Assets, Net	\$ 208,198
Outstanding Long-Term Debt Applicable to Capital Assets	(211,918)
Unspent Bond Proceeds Applicable to Capital Assets	13,191
Outstanding Developer Advances Related to Capital Assets	<u>(78,266)</u>
Net Investment in Capital Assets	<u>\$ (68,795)</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, 2020**

**NOTE 6 NET POSITION (CONTINUED)**

The District's restricted net position as of December 31, 2020 is as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 19,600
Debt Service	477,222
Total	\$ 496,822

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, 2020, \$149,291 was outstanding with accrued interest of \$5,954. See Note 11 for subsequent events.

**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 for the year 2020 under this agreement.

**CUNDALL FARMS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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, 2020, \$4,408,618 was outstanding with accrued interest of \$1,950,108. See Note 11 for subsequent events.

**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. During 2020, 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 during 2020, 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, 2020**

**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.

**NOTE 11 SUBSEQUENT EVENTS**

On May 18, 2021, the District entered into a Loan Agreement with BBVA Mortgage Corporation in connection with the Taxable (Convertible to Tax-Exempt) General Obligation (Limited Tax Convertible To Unlimited Tax) Refunding Loan, Series 2021A-1 and General Obligation (Limited Tax Convertible To Unlimited Tax) Improvement Loan, Series 2021A-2.

The Series 2021A-1 Loan (\$13,600,000) bears interest rates of 2.90-3.67%, with interest payments calculated based on a 360-day year and the actual days elapsed in each period made on June 1 and December 1 of each year, and principal payments on December 1 of each year. Proceeds were used for the purposes of cancelling the Series 2017 Bonds, providing an initial deposit to the Reserve Fund, and paying the costs of issuing the loan.

**CUNDALL FARMS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 SUBSEQUENT EVENTS (CONTINUED)**

The Series 2021A-2 (\$380,000) Loan bears interest rates of 2.90-3.25%, with interest payments calculated based on a 360-day year and the actual days elapsed in each period made on June 1 and December 1 of each year, and principal payments on December 1 of each year. Proceeds were used for the purposes of repaying the Developer (see below), providing an initial deposit to the Reserve Fund, and paying the costs of issuing the loan.

Subsequent to year-end, the District and the Developer entered into an Agreement In the Nature of An Accord Concerning Developer Advance and Infrastructure Agreements. Pursuant to this agreement, the District will pay the Developer, and the Developer accepts, the sum of \$350,000 upon closing of the 2021A-1 Loan and 2021A-2 as full satisfaction of the District's obligations under the funding agreements described in Note 7. In May 2021, upon payment of the \$350,000 to the Developer, all outstanding Developer Advances, principal and accrued interest, have been cancelled. Further, the parties agreed that upon delivery and acceptance of the \$350,000, the funding agreements are terminated and no longer in effect.

## **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, 2020**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 760,596	\$ 758,783	\$ (1,813)
Specific Ownership Taxes	60,848	55,818	(5,030)
Net Investment Income	17,020	7,000	(10,020)
Total Revenues	<u>838,464</u>	<u>821,601</u>	<u>(16,863)</u>
<b>EXPENDITURES</b>			
Paying Agent Fees	8,000	8,000	-
County Treasurer's Fees	11,409	11,389	20
Bond Principal	75,000	75,000	-
Bond Interest	477,881	477,881	-
Municipal Advisor	-	3,687	(3,687)
Contingency	5,710	-	5,710
Total Expenditures	<u>578,000</u>	<u>575,957</u>	<u>2,043</u>
<b>NET CHANGE IN FUND BALANCE</b>	260,464	245,644	(14,820)
Fund Balance - Beginning of Year	<u>1,013,024</u>	<u>1,014,112</u>	<u>1,088</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,273,488</u></u>	<u><u>\$ 1,259,756</u></u>	<u><u>\$ (13,732)</u></u>

## **OTHER INFORMATION**

**CUNDALL FARMS METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2020**

<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	\$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
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	\$ 9,645,000	\$ 8,938,095	\$ 18,583,095

**CUNDALL FARMS METROPOLITAN DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2020**

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	
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
2020	13,664,050	11.133	55.664	912,718	910,542	99.76
Estimated for the Year Ending December 31, 2021	\$ 13,661,040	11.133	55.664	\$ 912,516		

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.