

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**CUNDALL FARMS METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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Board of Directors
Cundall Farms Metropolitan District
Adams County, Colorado

Independent Auditor’s Report

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplemental Information

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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 12, 2024

BASIC FINANCIAL STATEMENTS

**CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 452,097 |
| Cash and Investments - Restricted | 486,850 |
| Accounts Receivable | 7,252 |
| Receivable from County Treasurer | 4,889 |
| Prepaid Expenses | 450 |
| Property Taxes Receivable | 796,101 |
| Capital Assets, Net of Accumulated Depreciation | <u>239,515</u> |
| Total Assets | <u>1,987,154</u> |
| LIABILITIES | |
| Accounts Payable | 35,286 |
| Loan Interest Payable | 31,924 |
| Prepaid Operations Fees | 18,040 |
| Noncurrent Liabilities: | |
| Due Within One Year | 272,000 |
| Due in More Than One Year | <u>12,938,000</u> |
| Total Liabilities | <u>13,295,250</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | <u>796,101</u> |
| Total Deferred Inflows of Resources | <u>796,101</u> |
| NET POSITION | |
| Net Investment in Capital Assets | (42,484) |
| Restricted For: | |
| Emergency Reserves | 14,300 |
| Debt Service | 6,937 |
| Unrestricted | <u>(12,082,950)</u> |
| Total Net Position | <u><u>\$ (12,104,197)</u></u> |

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | | 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 | \$ 393,722 | \$ 213,668 | \$ - | \$ - | \$ (180,054) |
| Interest and Related Costs on Long-Term Debt | 400,395 | - | - | - | (400,395) |
| Total Government Activities | \$ 794,117 | \$ 213,668 | \$ - | \$ - | (580,449) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 864,471 |
| Specific Ownership Taxes | | | | | 60,193 |
| Interest Income | | | | | 45,361 |
| Other Revenue | | | | | 6,268 |
| Total General Revenues | | | | | 976,293 |
| CHANGE IN NET POSITION | | | | | |
| | | | | | 395,844 |
| Net Position - Beginning of Year | | | | | (12,500,041) |
| NET POSITION - END OF YEAR | | | | | \$ (12,104,197) |

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

| | General | Special Revenue | Debt Service | Total Governmental Funds |
|--|------------|--------------------|-----------------|--------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 391,213 | \$ 60,884 | \$ - | \$ 452,097 |
| Cash and Investments - Restricted | 7,600 | 6,700 | 472,550 | 486,850 |
| Accounts Receivable | - | 7,252 | - | 7,252 |
| Receivable from County Treasurer | 1,245 | - | 3,644 | 4,889 |
| Prepaid Expenses | 450 | - | - | 450 |
| Property Taxes Receivable | 203,991 | - | 592,110 | 796,101 |
| Total Assets | \$ 604,499 | \$ 74,836 | \$ 1,068,304 | \$ 1,747,639 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 10,523 | \$ 24,763 | \$ - | \$ 35,286 |
| Prepaid Operations Fees | - | 18,040 | - | 18,040 |
| Total Liabilities | 10,523 | 42,803 | - | 53,326 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Property Tax Revenue | 203,991 | - | 592,110 | 796,101 |
| Total Deferred Inflows of Resources | 203,991 | - | 592,110 | 796,101 |
| FUND BALANCES | | | | |
| Nonspendable | 450 | - | - | 450 |
| Restricted: | | | | |
| Emergency Reserves | 7,600 | 6,700 | - | 14,300 |
| Debt Service | - | - | 476,194 | 476,194 |
| Committed: | | | | |
| Operations Fees | - | 25,333 | - | 25,333 |
| Unassigned | 381,935 | - | - | 381,935 |
| Total Fund Balances | 389,985 | 32,033 | 476,194 | 898,212 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 604,499 | \$ 74,836 | \$ 1,068,304 | |
| 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 | | | | 239,515 |
| Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | | | |
| Loans Payable | | | | (13,210,000) |
| Loan Interest Payable | | | | (31,924) |
| Net Position of Governmental Activities | | | | \$ (12,104,197) |

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, 2023**

| | General | Special Revenue | Debt Service | Total Governmental Funds |
|---|-------------------|--------------------|-------------------|--------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 220,078 | \$ - | \$ 644,393 | \$ 864,471 |
| Specific Ownership Taxes | 15,324 | - | 44,869 | 60,193 |
| Interest Income | 17,217 | 2,509 | 25,635 | 45,361 |
| Operations Fee - Recurring | - | 204,168 | - | 204,168 |
| Operations Fee - Transfer | - | 9,500 | - | 9,500 |
| Other Revenue | - | 5,268 | - | 5,268 |
| Insurance Proceeds | - | 1,000 | - | 1,000 |
| Total Revenues | <u>252,619</u> | <u>222,445</u> | <u>714,897</u> | <u>1,189,961</u> |
| EXPENDITURES | | | | |
| General, Administrative, and Operations: | | | | |
| Accounting | 30,000 | - | - | 30,000 |
| Audit | 5,400 | - | - | 5,400 |
| County Treasurer's Fees | 3,305 | - | 9,676 | 12,981 |
| Election | 1,666 | - | - | 1,666 |
| Insurance | 9,930 | 24,093 | - | 34,023 |
| Dues | 356 | - | - | 356 |
| Legal | 38,471 | 1,859 | - | 40,330 |
| Website | 1,236 | - | - | 1,236 |
| Basketball Court Maintenance | - | 58,136 | - | 58,136 |
| Community Activities | - | 15,712 | - | 15,712 |
| District Management - Contract | - | 19,656 | - | 19,656 |
| District Management - Costs | - | 3,168 | - | 3,168 |
| Electric | - | 4,237 | - | 4,237 |
| Grounds Maintenance | - | 30,086 | - | 30,086 |
| Holiday Lighting | - | 4,770 | - | 4,770 |
| Irrigation Repairs and Improvements | - | 15,324 | - | 15,324 |
| Landscape Maintenance - Contract | - | 75,370 | - | 75,370 |
| Landscape Replacements | - | 18,189 | - | 18,189 |
| Miscellaneous | - | 25 | - | 25 |
| Snow Removal | - | 3,926 | - | 3,926 |
| Water | - | 74,736 | - | 74,736 |
| Debt Service: | | | | |
| Loan Interest 2021A-1 | - | - | 380,915 | 380,915 |
| Loan Interest 2021A-2 | - | - | 10,498 | 10,498 |
| Loan Principal 2021A-1 | - | - | 280,000 | 280,000 |
| Loan Principal 2021A-2 | - | - | 7,000 | 7,000 |
| Total Expenditures | <u>90,364</u> | <u>349,287</u> | <u>688,089</u> | <u>1,127,740</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 162,255 | (126,842) | 26,808 | 62,221 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Fund | - | 46,000 | - | 46,000 |
| Transfers to Other Fund | (46,000) | - | - | (46,000) |
| Total Other Financing Sources (Uses) | <u>(46,000)</u> | <u>46,000</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 116,255 | (80,842) | 26,808 | 62,221 |
| Fund Balances - Beginning of Year | <u>273,730</u> | <u>112,875</u> | <u>449,386</u> | <u>835,991</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 389,985</u> | <u>\$ 32,033</u> | <u>\$ 476,194</u> | <u>\$ 898,212</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, 2023**

Net Changes in Fund Balances - Total Governmental Funds \$ 62,221

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.

| | |
|----------------|---------|
| Capital Outlay | 54,600 |
| Depreciation | (8,671) |

Long-term debt (e.g., loans) 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:

| | |
|-------------------------|---------|
| Loan Principal Payments | 287,000 |
|-------------------------|---------|

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. Current year's changes in liabilities are as follows:

| | |
|---|-----|
| Accrued Interest on Loans - Change in Liability | 694 |
|---|-----|

| | |
|---|------------|
| Change in Net Position of Governmental Activities | \$ 395,844 |
|---|------------|

**CUNDALL FARMS METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Budgeted Amount | | Actual | Variance - Positive (Negative) |
|---|-------------------|-------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 220,302 | \$ 220,302 | \$ 220,078 | \$ (224) |
| Specific Ownership Taxes | 15,421 | 15,347 | 15,324 | (23) |
| Interest Income | 5,000 | 16,000 | 17,217 | 1,217 |
| Total Revenues | <u>240,723</u> | <u>251,649</u> | <u>252,619</u> | <u>970</u> |
| EXPENDITURES | | | | |
| Accounting | 30,000 | 30,000 | 30,000 | - |
| Audit | 5,500 | 5,400 | 5,400 | - |
| County Treasurer's Fees | 3,305 | 3,305 | 3,305 | - |
| Election | 5,000 | 1,666 | 1,666 | - |
| Dues | 550 | 356 | 356 | - |
| Insurance | 9,000 | 9,930 | 9,930 | - |
| Legal | 35,000 | 40,000 | 38,471 | 1,529 |
| Miscellaneous | 645 | 2,843 | - | 2,843 |
| Website | 1,000 | 1,500 | 1,236 | 264 |
| Total Expenditures | <u>90,000</u> | <u>95,000</u> | <u>90,364</u> | <u>4,636</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 150,723 | 156,649 | 162,255 | 5,606 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to Other Fund | (20,000) | (47,000) | (46,000) | 1,000 |
| Total Other Financing Sources (Uses) | <u>(20,000)</u> | <u>(47,000)</u> | <u>(46,000)</u> | <u>1,000</u> |
| NET CHANGE IN FUND BALANCE | 130,723 | 109,649 | 116,255 | 6,606 |
| Fund Balance - Beginning of Year | <u>281,992</u> | <u>273,730</u> | <u>273,730</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 412,715</u> | <u>\$ 383,379</u> | <u>\$ 389,985</u> | <u>\$ 6,606</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, 2023**

| | Original and Final Budget | Actual | Variance - Positive (Negative) |
|---|---------------------------------|------------------|--------------------------------------|
| REVENUES | | | |
| Operations Fee - Recurring | \$ 204,168 | \$ 204,168 | \$ - |
| Operations Fee - Transfer | 13,000 | 9,500 | (3,500) |
| Other Revenue | 35,000 | 5,268 | (29,732) |
| Interest Income | 4,000 | 2,509 | (1,491) |
| Insurance Proceeds | - | 1,000 | 1,000 |
| Total Revenues | <u>256,168</u> | <u>222,445</u> | <u>(33,723)</u> |
| EXPENDITURES | | | |
| Basketball Court Maintenance | 60,000 | 58,136 | 1,864 |
| Community Activities | 15,000 | 15,712 | (712) |
| District Management - Contract | 19,656 | 19,656 | - |
| District Management - Costs | 5,000 | 3,168 | 1,832 |
| Electric | 4,500 | 4,237 | 263 |
| Grounds Maintenance | 20,000 | 30,086 | (10,086) |
| Holiday Lighting | 4,000 | 4,770 | (770) |
| Insurance | 20,000 | 24,093 | (4,093) |
| Irrigation Repairs and Improvements | 25,000 | 15,324 | 9,676 |
| Landscape Maintenance - Contract | 75,370 | 75,370 | - |
| Landscape Replacements | - | 18,189 | (18,189) |
| Legal | 13,000 | 1,859 | 11,141 |
| Miscellaneous | 4,474 | 25 | 4,449 |
| Playground Inspection and Repair | 2,000 | - | 2,000 |
| Snow Removal | 25,000 | 3,926 | 21,074 |
| Tract Regrade | 26,000 | - | 26,000 |
| Water | 70,000 | 74,736 | (4,736) |
| Total Expenditures | <u>389,000</u> | <u>349,287</u> | <u>39,713</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (132,832) | (126,842) | 5,990 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from Other Fund | 20,000 | 46,000 | 26,000 |
| Total Other Financing Sources (Uses) | <u>20,000</u> | <u>46,000</u> | <u>26,000</u> |
| NET CHANGE IN FUND BALANCE | (112,832) | (80,842) | 31,990 |
| Fund Balance - Beginning of Year | <u>157,618</u> | <u>112,875</u> | <u>(44,743)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 44,786</u> | <u>\$ 32,033</u> | <u>\$ (12,753)</u> |

See accompanying Notes to Basic Financial Statements.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Cundall Farms Metropolitan District (the 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.

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, 2023**

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, 2023**

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 ending December 31, 2023.

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, 2023**

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 were conveyed to other governmental entities have been removed from the District's books 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 |
| Basketball Court Improvements | 10 Years |

Deferred Inflows of Resources

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, 2023**

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, 2023**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|-------------------|
| Cash and Investments | \$ 452,097 |
| Cash and Investments - Restricted | 486,850 |
| Total Cash and Investments | <u>\$ 938,947</u> |

Cash and investments as of December 31, 2023, consist of the following:

| | |
|--------------------------------------|-------------------|
| Deposits with Financial Institutions | \$ 571,638 |
| Investments | 367,309 |
| Total | <u>\$ 938,947</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, 2023, the District had a bank and carrying balance of \$571,638.

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, 2023**

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, 2023, 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 | \$ 367,309 |

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 currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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 CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. 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.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2023, follows:

| | Balance - December 31, 2022 | Additions | Deletions / Reclassifications | Balance - December 31, 2023 |
|--|-----------------------------------|------------------|----------------------------------|-----------------------------------|
| <u>Governmental Type Activities</u> | | | | |
| Capital Assets, Being | | | | |
| Depreciated: | | | | |
| Parks and Recreation | \$ 219,156 | \$ - | \$ - | \$ 219,156 |
| Basketball Court Improvements | - | 54,600 | - | 54,600 |
| Total Capital Assets, Being Depreciated | 219,156 | 54,600 | - | 273,756 |
| Less Accumulated | | | | |
| Depreciation for: | | | | |
| Parks and Recreation | (25,570) | (7,306) | - | (32,876) |
| Basketball Court Improvements | - | (1,365) | - | (1,365) |
| Total Accumulated Depreciation | (25,570) | (8,671) | - | (34,241) |
| Total Capital Assets, Being Depreciated | 193,586 | 45,929 | - | 239,515 |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 193,586</u> | <u>\$ 45,929</u> | <u>\$ -</u> | <u>\$ 239,515</u> |

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

| | Balance - December 31, 2022 | Additions | Retirements | Balance - December 31, 2023 | Due Within One Year |
|---|-----------------------------------|-------------|-------------------|-----------------------------------|---------------------------|
| G.O. Refunding Loan - Series 2021A-1 | \$ 13,135,000 | \$ - | \$ 280,000 | \$ 12,855,000 | \$ 265,000 |
| G.O. Improvement Loan - Series 2021A-2 | 362,000 | - | 7,000 | 355,000 | 7,000 |
| Total | <u>\$ 13,497,000</u> | <u>\$ -</u> | <u>\$ 287,000</u> | <u>\$ 13,210,000</u> | <u>\$ 272,000</u> |

\$13,600,000 Series 2021A-1 Taxable (Convertible to Tax-Exempt) General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan; \$380,000 Series 2021A-2 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement Loan

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

The Series 2021A-1 Loan (\$13,600,000) bears taxable interest rate of 3.67% (through September 16, 2022) and tax-exempt interest rate of 2.90% (after September 16, 2022), 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 District's Series 2017 Bonds, providing an initial deposit to the Reserve Fund, and paying the costs of issuance.

The Series 2021A-1 Loan is secured by Pledged Revenue defined as property and specific ownership taxes generated from the Required Mill levy not to exceed 50.000 and all other legally available moneys which the District has determined to be Pledged Revenue. The Series 2021A-1 Loan is further secured by the Reserve Requirement of \$425,838.

The Series 2021A-1 Loan will mature as follows:

| Year Ending December 31, | Governmental Activities | | |
|--------------------------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2024 | \$ 265,000 | \$ 372,795 | \$ 637,795 |
| 2025 | 270,000 | 365,110 | 635,110 |
| 2026 | 295,000 | 357,280 | 652,280 |
| 2027 | 300,000 | 348,725 | 648,725 |
| 2028 | 325,000 | 340,025 | 665,025 |
| 2029-2033 | 1,850,000 | 1,550,775 | 3,400,775 |
| 2034-2038 | 1,990,000 | 1,263,385 | 3,253,385 |
| 2039-2043 | 2,240,000 | 974,255 | 3,214,255 |
| 2044-2048 | 3,035,000 | 605,230 | 3,640,230 |
| 2049-2051 | 2,285,000 | 135,575 | 2,420,575 |
| Total | <u>\$ 12,855,000</u> | <u>\$ 6,313,155</u> | <u>\$ 19,168,155</u> |

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$13,600,000 Series 2021A-1 Taxable (Convertible to Tax-Exempt) General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan; \$380,000 Series 2021A-2 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement Loan (Continued)

The Series 2021A-2 Loan (\$380,000) bears an interest rate of 2.90%, 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, providing an initial deposit to the Reserve Fund, and paying the costs of issuance.

The Series 2021A-2 Loan is secured by Pledged Revenue defined as property and specific ownership taxes generated from the Required Mill levy not to exceed 50.000 and all other legally available moneys which the District has determined to be Pledged Revenue. The Series 2021A-2 Loan is further secured by the Reserve Requirement of \$11,495.

The Series 2021A-2 Loan will mature as follows:

| <u>Year Ending December 31,</u> | Governmental Activities | | |
|---------------------------------|-------------------------|-------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 7,000 | \$ 10,295 | \$ 17,295 |
| 2025 | 8,000 | 10,092 | 18,092 |
| 2026 | 8,000 | 9,860 | 17,860 |
| 2027 | 8,000 | 9,628 | 17,628 |
| 2028 | 9,000 | 9,396 | 18,396 |
| 2029-2033 | 51,000 | 42,862 | 93,862 |
| 2034-2038 | 55,000 | 34,916 | 89,916 |
| 2039-2043 | 62,000 | 26,912 | 88,912 |
| 2044-2048 | 84,000 | 16,704 | 100,704 |
| 2049-2051 | 63,000 | 3,712 | 66,712 |
| Total | <u>\$ 355,000</u> | <u>\$ 174,377</u> | <u>\$ 529,377</u> |

Debt Authorization

On November 3, 2009, the District's voters authorized total indebtedness of \$125,000,000 for public improvements, \$5,000,000 for operations and maintenance, \$20,000,000 each for intergovernmental and private agreements, and \$20,000,000 for refunding of debt. Pursuant to the Service Plan, the total debt that the District shall be permitted to issue shall not exceed \$20,000,000. 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, and 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, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

At December 31, 2023, 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 | Authorization Used Series 2021A-1 | Authorization Used Series 2021A-2 | Remaining at December 31, 2023 |
|----------------------------|--|--------------------------------------|--------------------------------------|--------------------------------------|---|---|--------------------------------------|
| Streets | \$ 20,000,000 | \$ 3,192,000 | \$ 736,000 | \$ 1,071,000 | \$ - | \$ 380,000 | \$ 14,621,000 |
| 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 | 1,663,000 | - | 8,617,000 |
| Governmental IGA's | 20,000,000 | - | - | - | - | - | 20,000,000 |
| Private IGA's | 20,000,000 | - | - | - | - | - | 20,000,000 |
| Total | \$ 190,000,000 | \$ 6,835,000 | \$ 1,575,000 | \$ 12,012,000 | \$ 1,663,000 | \$ 380,000 | \$ 167,535,000 |

At the time of issuance, the Series 2021A-1 Loan exceeded the original principal amount of the cancelled Series 2017 Bonds by \$1,663,000, which amount has been authorized as refunding of debt. The total principal amount of the Series 2021A-2 Loan has been authorized as streets improvements.

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, 2023, the District had net investment in capital assets calculated as follows:

| | |
|---|----------------------------|
| | Governmental Activities |
| Capital Assets, Net | \$ 239,515 |
| Outstanding Long-Term Debt Applicable to Capital Assets | (291,655) |
| Unspent Loan Proceeds (Reserves) | 9,656 |
| Net Investment in Capital Assets | <u>\$ (42,484)</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, 2023**

NOTE 6 NET POSITION (CONTINUED)

The District's restricted net position as of December 31, 2023 is as follows:

| | Governmental Activities |
|--------------------------|----------------------------|
| Restricted Net Position: | |
| Emergency Reserve | \$ 14,300 |
| Debt Service | 6,937 |
| | \$ 21,237 |

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 related to the construction of public improvements conveyed to other governmental entities.

NOTE 7 AGREEMENTS

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 TRANSFERS

The District transferred from the General Fund to the Special Revenue Fund to cover the related expenses paid out of the Special Revenue Fund.

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 (the 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.

**CUNDALL FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 RISK MANAGEMENT (CONTINUED)

Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**CUNDALL FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Original and Final Budget | Actual | Variance - Positive (Negative) |
|-----------------------------------|---------------------------------|-------------------|--------------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 645,050 | \$ 644,393 | \$ (657) |
| Specific Ownership Taxes | 45,154 | 44,869 | (285) |
| Interest Income | 6,000 | 25,635 | 19,635 |
| Total Revenues | <u>696,204</u> | <u>714,897</u> | <u>18,693</u> |
| EXPENDITURES | | | |
| County Treasurer's Fees | 9,676 | 9,676 | - |
| Contingency | 3,911 | - | 3,911 |
| Loan Interest 2021A-1 | 380,915 | 380,915 | - |
| Loan Interest 2021A-2 | 10,498 | 10,498 | - |
| Loan Principal 2021A-1 | 280,000 | 280,000 | - |
| Loan Principal 2021A-2 | 7,000 | 7,000 | - |
| Paying Agent Fees | 8,000 | - | 8,000 |
| Total Expenditures | <u>700,000</u> | <u>688,089</u> | <u>11,911</u> |
| NET CHANGE IN FUND BALANCE | (3,796) | 26,808 | 30,604 |
| Fund Balance - Beginning of Year | <u>444,259</u> | <u>449,386</u> | <u>5,127</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 440,463</u> | <u>\$ 476,194</u> | <u>\$ 35,731</u> |

OTHER INFORMATION

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

| | \$13,600,000 | | |
|--|---|-----------------|---------------|
| | Taxable (Convertible to Tax-Exempt) General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan Series 2021A-1, Dated May 18, 2021 Interest Rate of 3.67% (Taxable) & 2.90% (Tax-Exempt) Interest Due June 1 and December 1 Principal Due December 1 | | |
| <u>Bonds and Interest Maturing in the Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 265,000 | \$ 372,795 | \$ 637,795 |
| 2025 | 270,000 | 365,110 | 635,110 |
| 2026 | 295,000 | 357,280 | 652,280 |
| 2027 | 300,000 | 348,725 | 648,725 |
| 2028 | 325,000 | 340,025 | 665,025 |
| 2029 | 335,000 | 330,600 | 665,600 |
| 2030 | 355,000 | 320,885 | 675,885 |
| 2031 | 365,000 | 310,590 | 675,590 |
| 2032 | 390,000 | 300,005 | 690,005 |
| 2033 | 405,000 | 288,695 | 693,695 |
| 2034 | 430,000 | 276,950 | 706,950 |
| 2035 | 440,000 | 264,480 | 704,480 |
| 2036 | 400,000 | 251,720 | 651,720 |
| 2037 | 345,000 | 240,120 | 585,120 |
| 2038 | 375,000 | 230,115 | 605,115 |
| 2039 | 390,000 | 219,240 | 609,240 |
| 2040 | 425,000 | 207,930 | 632,930 |
| 2041 | 445,000 | 195,605 | 640,605 |
| 2042 | 480,000 | 182,700 | 662,700 |
| 2043 | 500,000 | 168,780 | 668,780 |
| 2044 | 545,000 | 154,280 | 699,280 |
| 2045 | 565,000 | 138,475 | 703,475 |
| 2046 | 610,000 | 122,090 | 732,090 |
| 2047 | 635,000 | 104,400 | 739,400 |
| 2048 | 680,000 | 85,985 | 765,985 |
| 2049 | 710,000 | 66,265 | 776,265 |
| 2050 | 760,000 | 45,675 | 805,675 |
| 2051 | 815,000 | 23,635 | 838,635 |
| Total | \$ 12,855,000 | \$ 6,313,155 | \$ 19,168,155 |

**CUNDALL FARMS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

| <u>Bonds and Interest Maturing in the Year Ending December 31,</u> | \$380,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement Loan Series 2021A-2 Dated May 18, 2021 Interest Rate of 2.90% Interest Due June 1 and December 1 Principal Due December 1 | | |
|--|--|------------|------------|
| | Principal | Interest | Total |
| 2024 | \$ 7,000 | \$ 10,295 | \$ 17,295 |
| 2025 | 8,000 | 10,092 | 18,092 |
| 2026 | 8,000 | 9,860 | 17,860 |
| 2027 | 8,000 | 9,628 | 17,628 |
| 2028 | 9,000 | 9,396 | 18,396 |
| 2029 | 9,000 | 9,135 | 18,135 |
| 2030 | 10,000 | 8,874 | 18,874 |
| 2031 | 10,000 | 8,584 | 18,584 |
| 2032 | 11,000 | 8,294 | 19,294 |
| 2033 | 11,000 | 7,975 | 18,975 |
| 2034 | 12,000 | 7,656 | 19,656 |
| 2035 | 12,000 | 7,308 | 19,308 |
| 2036 | 11,000 | 6,960 | 17,960 |
| 2037 | 10,000 | 6,641 | 16,641 |
| 2038 | 10,000 | 6,351 | 16,351 |
| 2039 | 11,000 | 6,061 | 17,061 |
| 2040 | 12,000 | 5,742 | 17,742 |
| 2041 | 12,000 | 5,394 | 17,394 |
| 2042 | 13,000 | 5,046 | 18,046 |
| 2043 | 14,000 | 4,669 | 18,669 |
| 2044 | 15,000 | 4,263 | 19,263 |
| 2045 | 16,000 | 3,828 | 19,828 |
| 2046 | 17,000 | 3,364 | 20,364 |
| 2047 | 17,000 | 2,871 | 19,871 |
| 2048 | 19,000 | 2,378 | 21,378 |
| 2049 | 20,000 | 1,827 | 21,827 |
| 2050 | 21,000 | 1,247 | 22,247 |
| 2051 | 22,000 | 638 | 22,638 |
| Total | \$ 355,000 | \$ 174,377 | \$ 529,377 |

**CUNDALL FARMS METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2023**

| 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 | |
| | | | | | | |
| 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 |
| 2021 | 13,661,040 | 11.133 | 55.664 | 912,516 | 901,745 | 98.82 |
| 2022 | 13,963,020 | 16.133 | 45.238 | 856,925 | 856,924 | 100.00 |
| 2023 | 13,655,330 | 16.133 | 47.238 | 865,352 | 864,471 | 99.90 |
| Estimated for the Year Ending December 31, 2024 | \$ 16,803,180 | 12.140 | 35.238 | \$ 796,101 | | |

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.