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Accountant's Compilation Report

Board of Directors
Orchard Farms Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Orchard Farms Metropolitan District (formerly known as Big Dry Creek Metropolitan District) for the year ending December 31, 2020, including the estimate of comparative information for the year ended December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

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

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

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

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 29, 2020

**ORCHARD FARMS METROPOLITAN DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 5,658,156	\$ 1,870,086	\$ 1,792,492
REVENUE			
Property Tax	199,851	385,541	654,561
Specific Ownership Tax	16,929	29,200	52,365
Interest Income	80,157	42,900	24,165
2018 Operations Fees	-	34,750	10,750
2019 Operations Fees	64,122	125,927	155,335
Transfer Fees	-	25,500	31,000
Legal Collection Fees	-	-	2,500
Violations & Late Fees	8,368	-	-
Developer Advance	3,269,681	-	600,000
Total revenue	<u>3,639,108</u>	<u>643,818</u>	<u>1,530,676</u>
Total funds available	<u>9,297,264</u>	<u>2,513,904</u>	<u>3,323,168</u>
EXPENDITURES			
General Fund	91,998	92,500	140,000
Operations Fee Fund	55,783	57,000	288,700
Debt Service Fund	569,814	571,912	577,000
Capital Projects Fund	6,709,583	-	1,161,532
Total expenditures	<u>7,427,178</u>	<u>721,412</u>	<u>2,167,232</u>
Total expenditures and transfers out requiring appropriation	<u>7,427,178</u>	<u>721,412</u>	<u>2,167,232</u>
ENDING FUND BALANCES	<u>\$ 1,870,086</u>	<u>\$ 1,792,492</u>	<u>\$ 1,155,936</u>
Emergency Reserve	\$ 1,600	\$ 3,100	\$ 5,200
Available For Operations	(7,092)	914	31,869
Debt Service Surplus Fund	1,231,954	999,877	971,863
Operations Fee Fund Reserve	100,092	233,069	80,000
TOTAL RESERVE	<u>\$ 1,326,554</u>	<u>\$ 1,236,960</u>	<u>\$ 1,088,932</u>

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

**ORCHARD FARMS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/20

ACTUAL	ESTIMATED	BUDGET
2018	2019	2020

ASSESSED VALUATION

Residential	\$ 1,854,680	\$ 3,610,610	\$ 7,718,180
Agricultural	5,700	4,490	4,400
State Assessed	-	100	3,220
Vacant Land	801,880	1,564,600	1,040,230
Personal Property	36,090	57,420	96,840
Oil & Gas	28,970	27,120	22,890
Certified Assessed Value	<u>\$ 2,727,320</u>	<u>\$ 5,264,340</u>	<u>\$ 8,885,760</u>

MILL LEVY

General	18.000	18.000	18.000
Debt Service	55.277	55.277	55.664
Total mill levy	<u>73.277</u>	<u>73.277</u>	<u>73.664</u>

PROPERTY TAXES

General	\$ 49,092	\$ 94,758	\$ 159,944
Debt Service	150,758	290,997	494,617
Levied property taxes	199,850	385,755	654,561
Adjustments to actual/rounding	1	-	-
Refunds and abatements	-	(214)	-
Budgeted property taxes	<u>\$ 199,851</u>	<u>\$ 385,541</u>	<u>\$ 654,561</u>

BUDGETED PROPERTY TAXES

General	\$ 49,092	\$ 94,706	\$ 159,944
Debt Service	150,759	290,835	494,617
	<u>\$ 199,851</u>	<u>\$ 385,541</u>	<u>\$ 654,561</u>

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

**ORCHARD FARMS METROPOLITAN DISTRICT
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 32,883	\$ (5,492)	\$ 4,014
REVENUE			
Property Tax	49,092	94,706	159,944
Specific Ownership Tax	4,158	7,200	12,796
Interest Income	373	100	315
Total revenue	<u>53,623</u>	<u>102,006</u>	<u>173,055</u>
Total funds available	<u>86,506</u>	<u>96,514</u>	<u>177,069</u>
EXPENDITURES			
General and administrative			
Accounting	32,142	31,000	31,000
Audit	3,750	3,750	3,750
Contingency	-	381	6,251
County Treasurer's Fee	737	1,420	2,399
Director & Meeting Expenses	-	-	1,000
Dues	371	525	600
Elections	12,097	-	10,000
Insurance	3,981	4,424	5,000
Legal	37,732	30,000	38,000
Miscellaneous	1,188	1,000	1,000
Repay Developer Advance	-	20,000	40,000
Website	-	-	1,000
Total expenditures	<u>91,998</u>	<u>92,500</u>	<u>140,000</u>
Total expenditures and transfers out requiring appropriation	<u>91,998</u>	<u>92,500</u>	<u>140,000</u>
ENDING FUND BALANCE	<u>\$ (5,492)</u>	<u>\$ 4,014</u>	<u>\$ 37,069</u>
Emergency Reserve	\$ 1,600	\$ 3,100	\$ 5,200
Available For Operations	(7,092)	914	31,869
Total Reserve	<u>(5,492)</u>	<u>4,014</u>	<u>37,069</u>

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**ORCHARD FARMS METROPOLITAN DISTRICT
OPERATIONS FEE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 82,361	\$ 100,092	\$ 233,069
REVENUE			
2018 Operations Fees	-	34,750	10,750
2019 Operations Fees	64,122	125,927	155,335
Interest Income	1,024	3,800	3,050
Legal Collection Fees	-	-	2,500
Transfer Fees	-	25,500	31,000
Violations & Late Fees	8,368	-	-
Total revenue	<u>73,514</u>	<u>189,977</u>	<u>202,635</u>
Total funds available	<u>155,875</u>	<u>290,069</u>	<u>435,704</u>
EXPENDITURES			
General and Administrative			
Accounting	995	-	-
Billing	-	10,000	10,000
Community Activities	6,454	8,000	8,000
Covenant Enforcement	1,833	4,000	2,600
Design Review	4,093	6,000	2,600
Director Expense	1,599	-	-
District Management - Contract	28,090	20,000	22,000
District Management - Costs	-	-	5,000
Insurance	-	-	10,000
Legal	8,741	2,000	10,500
Miscellaneous/Contingency	-	1,000	1,000
Postage & Delivery	788	2,500	-
Transfer Fees Expense	1,400	-	-
Website	1,300	1,000	-
Landscape Maintenance			
Irrigation Repairs & Improvements	-	-	8,000
Landscape Maintenance - Contract	81	-	57,000
Landscape Replacements & Improvements	-	-	20,000
Tree Replacements	-	-	10,000
Grounds and Park Maintenance			
Lighting	409	2,500	8,000
Grounds Maintenance	-	-	20,000
Restroom Maintenance	-	-	2,000
Playground Inspection & Repairs	-	-	5,000
Snow Removal	-	-	10,000
Holiday Lighting	-	-	5,000
Underdrain Maintenance	-	-	30,000
Utilities			
Electricity	-	-	2,000
Water - Irrigation	-	-	40,000
Total expenditures	<u>55,783</u>	<u>57,000</u>	<u>288,700</u>
Total expenditures and transfers out requiring appropriation	<u>55,783</u>	<u>57,000</u>	<u>288,700</u>
ENDING FUND BALANCE	<u>\$ 100,092</u>	<u>\$ 233,069</u>	<u>\$ 147,004</u>
Operations Fee Fund Reserve	<u>\$ 100,092</u>	<u>\$ 233,069</u>	<u>\$ 80,000</u>
TOTAL RESERVE	<u>\$ 100,092</u>	<u>\$ 233,069</u>	<u>\$ 80,000</u>

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

**ORCHARD FARMS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 1,611,179	\$ 1,231,954	\$ 999,877
REVENUE			
Property Tax	150,759	290,835	494,617
Specific Ownership Tax	12,771	22,000	39,569
Interest Income	27,059	27,000	14,800
Total revenue	<u>190,589</u>	<u>339,835</u>	<u>548,986</u>
Total funds available	<u>1,801,768</u>	<u>1,571,789</u>	<u>1,548,863</u>
EXPENDITURES			
County Treasurer's Fee	2,264	4,362	7,419
Contingency	-	-	2,031
Interest Expense - Series 2017A	560,050	560,050	560,050
Paying Agent Fees	7,500	7,500	7,500
Total expenditures	<u>569,814</u>	<u>571,912</u>	<u>577,000</u>
Total expenditures and transfers out requiring appropriation	<u>569,814</u>	<u>571,912</u>	<u>577,000</u>
ENDING FUND BALANCE	<u>\$ 1,231,954</u>	<u>\$ 999,877</u>	<u>\$ 971,863</u>
Debt Service Surplus Fund	<u>\$ 1,231,954</u>	<u>\$ 999,877</u>	<u>\$ 971,863</u>
TOTAL RESERVE	<u>\$ 1,231,954</u>	<u>\$ 999,877</u>	<u>\$ 971,863</u>

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

**ORCHARD FARMS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 3,931,733	\$ 543,532	\$ 555,532
REVENUE			
Interest Income	51,701	12,000	6,000
Developer Advance	3,269,681	-	600,000
Total revenue	<u>3,321,382</u>	<u>12,000</u>	<u>606,000</u>
Total funds available	<u>7,253,115</u>	<u>555,532</u>	<u>1,161,532</u>
EXPENDITURES			
Capital Outlay			
Public Improvements	3,269,681	-	600,000
Engineering	8,838	-	-
Repay Developer Advance	3,422,245	-	561,532
Repay Developer Advance Interest	8,819	-	-
Total expenditures	<u>6,709,583</u>	<u>-</u>	<u>1,161,532</u>
Total expenditures and transfers out requiring appropriation	<u>6,709,583</u>	<u>-</u>	<u>1,161,532</u>
ENDING FUND BALANCE	<u>\$ 543,532</u>	<u>\$ 555,532</u>	<u>\$ -</u>

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

**ORCHARD FARMS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Orchard Farms Metropolitan District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado. The District was established to provide public streets, traffic and safety, water, sewer, park and recreation, television relay and translation, and mosquito control facilities and improvements for the use and benefit of the inhabitants and taxpayers of the District.

On November 6, 2007, the District's voters authorized total general obligation indebtedness of \$48,000,000 for the above listed facilities and, with a maximum debt mill levy of 50.000 mills as adjusted for changes in the assessment ratio. The adjusted debt mill levy for the change in the assessment ratio from 7.96% to 7.15% is 55.664 mills.

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

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

Revenues

Property Taxes

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

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8.0% of all the property taxes collected.

**ORCHARD FARMS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Developer Advances

The District is in the development stage. As such, capital infrastructure costs have been funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Operations Fees

The District imposes a monthly fee of \$47.00 from the homeowners and collects a \$500 fee at closing from each new homeowner to pay for the costs of landscaping, maintenance and management.

Interest Income

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

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense.

Operating and Maintenance Expenditures

Anticipated expenditures for maintenance are outlined in the Operations Fees Fund of the Budget.

Debt and Leases

The District issued Senior Bonds and Subordinate Bonds on May 4, 2017, in the amounts of \$9,740,000 and \$1,288,000, respectively. Proceeds from the sale of the Senior Bonds were used for the purposes of: (i) reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) refunding the District's outstanding General Obligation Subordinate Promissory Note, Series 2011A; (iii) providing an initial deposit to the Surplus Fund; (iv) providing capitalized interest; and (v) paying the costs of issuing the Bonds. Proceeds from the sale of the Subordinate Bonds were used to reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements.

The Senior Bonds bear interest at the rate of 5.75% per annum payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2022. The Senior Bonds mature on December 1, 2047. In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue on December 1, 2057, the Senior Bonds are to be deemed discharged.

**ORCHARD FARMS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Subordinate Bonds bear interest at the rate of 7.75% per annum payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue on December 15, 2057, the Subordinate Bonds are to be deemed discharged.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of any costs of collection, consisting of:

- (a) all Senior Property Tax Revenues derived from the Senior Required Mill Levy;
- (b) all Specific Ownership Tax attributable to the Senior Required Mill Levy;
- (c) all Capital Fees, if any; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Prior to the time when the Debt to Assessed Ratio is 50% or less, the Senior Bonds are also secured by amounts accumulated in the Surplus Fund, if any.

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection, consisting of:

- (a) all Subordinate Property Taxes derived from the Subordinate Required Mill Levy;
- (b) all Specific Ownership Tax attributable to the Subordinate Required Mill Levy;
- (c) all Subordinate Capital Fees, if any;
- (d) any amounts in the Surplus Fund upon the termination of such fund pursuant to the Senior Indenture; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Prior to the date that the Debt to Assessed Ratio is equal to 50% or less, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$1,948,000. Except for the initial deposit of \$840,000 to the Surplus Fund from bond proceeds, the Surplus Fund is to be funded solely from deposits of Senior Pledged Revenue. The District anticipates that the Surplus Fund will be drawn upon in 2019 and 2020 to meet debt service requirements of the Senior Bonds. When the Debt to Assessed Ratio is equal to or less than 50%, the Surplus Fund will be terminated and any moneys therein applied to any legal purpose of the District. The Subordinate Indenture provides that any amounts in the Surplus Fund upon the termination of such fund pursuant to the Senior Indenture are pledged to the

**ORCHARD FARMS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

payment of the Subordinate Bonds. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

Cumulative surplus cash in the Debt Service Fund will be use for the repayment of 2017C Bonds which were issued on August 2, 2017 with a par amount of \$1,865,000. The Junior Lien Bonds bear interest at the rate of 9.0% per annum payable annually on December 15, but only to the extent of available Junior Lien Pledged Revenue. The Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Junior Lien Bonds compounds annually on each December 15. In no event is any principal or interest to be paid on the Junior Lien Bonds until the Subordinate Bonds, and to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations, have been paid in full or defeased. In the event any amount of principal or interest on the Junior Lien Bonds remains unpaid after the application of all Junior Lien Pledged Revenue on December 15, 2057, the Junior Lien Bonds are to be deemed discharged.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending, as defined under TABOR

This information is an integral part of the accompanying budget.

**ORCHARD FARMS METROPOLITAN DISTRICT (FKA BIG DRY CREEK)
DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$9,740,000 Limited Tax (Convertible to Unlimited Tax)
General Obligation Refunding and Improvement Bonds**

Issue date May 4, 2017

Principal Due Annually December 1

Interest at 5.750%

Due June 1 and December 1

Year Ending December 31,	Principal	Interest	Total
2020	\$ -	\$ 560,050	\$ 560,050
2021	-	560,050	560,050
2022	30,000	560,050	590,050
2023	115,000	558,325	673,325
2024	135,000	551,712	686,712
2025	140,000	543,950	683,950
2026	165,000	535,900	700,900
2027	170,000	526,412	696,412
2028	195,000	516,637	711,637
2029	210,000	505,425	715,425
2030	235,000	493,350	728,350
2031	250,000	479,837	729,837
2032	275,000	465,462	740,462
2033	290,000	449,650	739,650
2034	325,000	432,975	757,975
2035	345,000	414,287	759,287
2036	380,000	394,450	774,450
2037	400,000	372,600	772,600
2038	440,000	349,600	789,600
2039	465,000	324,300	789,300
2040	505,000	297,563	802,563
2041	535,000	268,525	803,525
2042	580,000	237,763	817,763
2043	615,000	204,413	819,413
2044	665,000	169,050	834,050
2045	705,000	130,813	835,813
2046	765,000	90,275	855,275
2047	805,000	46,288	851,288
	<u>\$ 9,740,000</u>	<u>\$ 11,039,712</u>	<u>\$ 20,779,712</u>

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