

HOMESTEAD HILLS METROPOLITAN DISTRICT
(The “District”) 2019 ANNUAL REPORT

Pursuant to Paragraph VII of the Service Plan for Homestead Hills Metropolitan District, (the “District”), the District is required to annually file a special district annual report in accordance with the provisions of § 32-1-207(3)(d), C.R.S. The annual report shall be filed with the City Clerk of the City of Thornton, the Division of Local Government, and the State Auditor, and shall be on file with the Adams County Clerk and Recorder’s Office for public inspection. For the year ending December 31, 2019, the District makes the following report:

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

There were no changes or proposed changes to the boundaries of the District in 2019.

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

The District did not enter into any Intergovernmental Agreements in 2019.

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

The District has not adopted rules or regulations as of December 31, 2019.

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

To the best of our knowledge, based on review of the court records in Adams County, there is no litigation involving the District’s Public Improvements as of December 31, 2019.

5. Status of the District’s construction of the Public Improvements as of December 31 of the prior year.

The District did not undertake the construction of any Public Improvements as of December 31 of the prior year. All public improvements were constructed by the developer within the District.

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

The District did not construct any facilities or improvements as of December 31 of the prior year. All public improvement were constructed by the developer within the District and that developer is responsible for dedication of facilities to the City.

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

The final assessed valuation for 2019 is \$378,740.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

A copy of the 2020 budget for the District is attached as **Exhibit A**.

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

The District is in the process of applying for a 2019 Audit Exemption. Once the Exemption becomes available, it will be provided.

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

The District is not aware of any uncured events of default by the District.

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

The District is not aware of any inability to pay its's obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

Respectfully submitted on August 3rd, 2020.

**EXHIBIT A
(2020 Budget)**



CliftonLarsonAllen

CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Homestead Hills Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Homestead Hills Metropolitan District for the year ending December 31, 2020, including the estimate of comparative information for the year ending 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. 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 the Homestead Hills Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 16, 2019



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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 7,581
REVENUES			
Developer Advance - Carlson (org costs)	-	9,073	-
Developer Advance - Carlson Administration	-	23,067	23,500
Developer Advance - KB Administration	-	23,067	23,500
Developer Advance - KB operations	-	54,000	45,000
Maintenance fees	-	2,000	32,365
Property taxes	-	77	35,980
Specific ownership tax	-	4	2,878
Interest income	-	2	4,426
Other revenue	-	1	-
Developer Advance - Carlson Capital	-	21,000	2,138,772
Bond proceeds Series 2019A	-	-	2,200,000
Bond proceeds Series 2019B	-	-	674,000
Total revenues	-	132,291	5,180,421
TRANSFERS IN	-	-	401,008
Total funds available	-	132,291	5,589,010
EXPENDITURES			
General Fund	-	108,709	98,500
Debt Service Fund	-	1	110,330
Capital Projects Fund	-	16,000	4,616,764
Total expenditures	-	124,710	4,825,594
TRANSFERS OUT	-	-	401,008
Total expenditures and transfers out requiring appropriation	-	124,710	5,226,602
ENDING FUND BALANCES	\$ -	\$ 7,581	\$ 362,408
EMERGENCY RESERVE	\$ -	\$ 3,100	\$ 4,300
DEBT RESERVE FUND	-	-	175,462
CAPITALIZED INTEREST	-	-	115,500
TOTAL RESERVE	\$ -	\$ 3,100	\$ 295,262

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Vacant land	\$ -	\$ -	\$ 378,740
Agricultural	-	820	-
Certified Assessed Value	<u>\$ -</u>	<u>\$ 820</u>	<u>\$ 378,740</u>
MILL LEVY			
General	0.000	45.000	45.000
Debt Service	0.000	50.000	50.000
Total mill levy	<u>0.000</u>	<u>95.000</u>	<u>95.000</u>
PROPERTY TAXES			
General	\$ -	\$ 36	\$ 17,043
Debt Service	-	41	18,937
Budgeted property taxes	<u>\$ -</u>	<u>\$ 77</u>	<u>\$ 35,980</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ 36	\$ 17,043
Debt Service	-	41	18,937
	<u>\$ -</u>	<u>\$ 77</u>	<u>\$ 35,980</u>

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 2,538
REVENUES			
Developer Advance - Carlson (org costs)	-	9,073	-
Developer Advance - Carlson Administration	-	23,067	23,500
Developer Advance - KB Administration	-	23,067	23,500
Developer Advance - KB operations	-	54,000	45,000
Maintenance fees	-	2,000	32,365
Property taxes	-	36	17,043
Specific ownership tax	-	2	1,363
Interest income	-	1	153
Other revenue	-	1	-
Total revenues	-	111,247	142,924
Total funds available	-	111,247	145,462
EXPENDITURES			
Organizational			
Organizational - Legal	-	9,073	-
Administrative			
Accounting	-	12,000	15,000
County Treasurer's fee	-	1	256
Dues and licenses	-	283	300
Insurance and bonds	-	2,375	2,444
Legal services	-	31,475	32,000
Operations			
Accounting - Operations	-	3,000	3,000
Legal - Operations	-	6,000	3,000
Water	-	11,319	10,000
Water - native	-	1,255	1,000
Electricity	-	2,200	2,000
Management - Operations	-	8,000	8,000
Administrative Expenses - Operations	-	1,320	-
Billing	-	3,000	3,000
Native Area Maintenance	-	2,286	2,000
Election Expense	-	-	2,000
Fertilization/weed/insect	-	4,322	4,000
Monument	-	5,000	5,000
Snow Removal	-	4,800	4,500
Detention Pond	-	500	500
Miscellaneous	-	500	500
Total expenditures	-	108,709	98,500
Total expenditures and transfers out requiring appropriation	-	108,709	98,500
ENDING FUND BALANCE	\$ -	\$ 2,538	\$ 46,962
EMERGENCY RESERVE	\$ -	\$ 3,100	\$ 4,300
TOTAL RESERVE	\$ -	\$ 3,100	\$ 4,300

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 43
REVENUES			
Property taxes	-	41	18,937
Specific ownership tax	-	2	1,515
Interest income	-	1	4,273
Total revenues	<u>-</u>	<u>44</u>	<u>24,725</u>
TRANSFERS IN			
Transfers from other funds	-	-	401,008
Total funds available	<u>-</u>	<u>44</u>	<u>425,776</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	1	284
Bond Interest - Series 2019A	-	-	110,046
Total expenditures	<u>-</u>	<u>1</u>	<u>110,330</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>1</u>	<u>110,330</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 315,446</u>
DEBT RESERVE FUND	\$ -	\$ -	\$ 175,462
CAPITALIZED INTEREST		\$ -	\$ 115,500
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,962</u>

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

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

12/16/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	5,000
REVENUES			
Developer Advance - Carlson Capital	-	21,000	2,138,772
Bond proceeds Series 2019A	-	-	2,200,000
Bond proceeds Series 2019B	-	-	674,000
Total revenues	-	21,000	5,012,772
Total funds available	-	21,000	5,017,772
EXPENDITURES			
General and administrative			
Legal services	-	1,000	-
Capital Outlay	-	-	2,158,772
Repay developer advance	-	-	2,158,772
Bond Issue Costs	-	15,000	299,220
Total expenditures	-	16,000	4,616,764
TRANSFERS OUT			
Transfers to other fund	-	-	401,008
Total expenditures and transfers out requiring appropriation	-	16,000	5,017,772
ENDING FUND BALANCE	\$ -	\$ 5,000	\$ -

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

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District's service area is located entirely within the Town of Thornton, Adams County, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements, including streets and safety controls, water, storm and sanitary sewer, and park and recreation facilities, primarily for single family residential development within the District.

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

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

Revenues

Developer Advances

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be 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.

Property Taxes

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

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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% of the property taxes collected.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.2%.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

General and Administrative Expenditures

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects Fund.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the anticipated Series 2020A and Series 2020B Bonds (Discussed under Debt and Leases).

Debt and Leases

The District anticipates issuing Series 2020A General Obligation Bonds and Series 2020B Subordinate Bonds in early 2020. Bond proceeds will be used to pay infrastructure costs and bond issue costs. Significant terms of the bond issuance will be determined at the time of issuance.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2020 as defined under TABOR.

Debt Service Reserves

The District will maintain a Debt Service Reserve as required with the anticipated issuance of the Series 2020 Bonds.

This information is an integral part of the accompanying budget.

**HOMESTEAD HILLS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	General Obligation Bonds, Series 2020A		
	Initial Funded Amount		
	\$2,200,000		
	Interest Rate of 5.25%		
	Payable June 1 and December 1		
	Principal Due December 1		
Principal	Interest	Total	
2020	\$ -	\$ 110,046	\$ 110,046
2021	-	115,500	115,500
2022	-	115,500	115,500
2023	20,000	115,500	135,500
2024	25,000	114,450	139,450
2025	25,000	113,138	138,138
2026	30,000	111,825	141,825
2027	30,000	110,250	140,250
2028	35,000	108,675	143,675
2029	35,000	106,838	141,838
2030	40,000	105,000	145,000
2031	45,000	102,900	147,900
2032	50,000	100,538	150,538
2033	50,000	97,913	147,913
2034	60,000	95,288	155,288
2035	60,000	92,138	152,138
2036	65,000	88,988	153,988
2037	70,000	85,575	155,575
2038	80,000	81,900	161,900
2039	80,000	77,700	157,700
2040	90,000	73,500	163,500
2041	95,000	68,775	163,775
2042	105,000	63,787	168,787
2043	110,000	58,274	168,274
2044	115,000	52,499	167,499
2045	125,000	46,462	171,462
2046	135,000	39,899	174,899
2047	140,000	32,812	172,812
2048	150,000	25,463	175,463
2049	335,000	17,588	352,588
	\$ 2,200,000	\$ 2,528,721	\$ 4,728,721

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

EXHIBIT B
(2019 Audit Exemption Application)