



CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## Accountant's Compilation Report

Board of Directors  
Kipling Ridge Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Kipling Ridge 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 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 American Institute of Certified Public Accountants. 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 Kipling Ridge Metropolitan District.

Greenwood Village, Colorado  
January 13, 2020

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

1/13/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 1,871,681	\$ 1,926,799	\$ 2,110,702
REVENUES			
Property taxes	101,063	103,575	117,078
Specific ownership taxes	14,236	9,320	9,366
Interest income	41,291	42,813	40,997
Property Taxes - TIF AURA	758,476	772,015	997,749
Retail Sales Fee	1,163,508	1,211,589	1,236,884
Total revenues	<u>2,078,574</u>	<u>2,139,312</u>	<u>2,402,074</u>
Total funds available	<u>3,950,255</u>	<u>4,066,111</u>	<u>4,512,776</u>
EXPENDITURES			
General Fund	76,255	95,211	116,000
Debt Service Fund	1,944,539	1,860,198	1,840,000
Capital Projects Fund	2,662	-	33,716
Total expenditures	<u>2,023,456</u>	<u>1,955,409</u>	<u>1,989,716</u>
ENDING FUND BALANCES	<u>\$ 1,926,799</u>	<u>\$ 2,110,702</u>	<u>\$ 2,523,060</u>
EMERGENCY RESERVE	\$ 5,200	\$ 5,500	\$ 6,400
DEBT SERVICE RESERVE FUND REQUIREMENT	1,216,288	1,216,288	1,216,288
DEBT SERVICE (ABOVE RESERVE REQ.)	295,136	391,592	742,606
TOTAL RESERVE	<u>\$ 1,516,624</u>	<u>\$ 1,613,380</u>	<u>\$ 1,965,294</u>

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

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

1/13/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
<b>ASSESSED VALUATION</b>			
Residential	\$ 5,851,482	\$ 6,331,002	\$ 9,343,620
Commercial	8,973,536	8,960,894	9,664,195
State assessed	265,358	247,538	292,228
Vacant land	281,834	71,369	-
TIF	(5,066,214)	(5,253,332)	(7,592,247)
Certified Assessed Value	<u>\$ 10,305,996</u>	<u>\$ 10,357,471</u>	<u>\$ 11,707,796</u>
<b>MILL LEVY</b>			
General	10.000	10.000	10.000
Total mill levy	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>
<b>PROPERTY TAXES</b>			
General	\$ 103,060	\$ 103,575	\$ 117,078
Levied property taxes	103,060	103,575	117,078
Adjustments to actual/rounding	(1,997)	-	-
Budgeted property taxes	<u>\$ 101,063</u>	<u>\$ 103,575</u>	<u>\$ 117,078</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<u>\$ 101,063</u>	<u>\$ 103,575</u>	<u>\$ 117,078</u>
	<u>\$ 101,063</u>	<u>\$ 103,575</u>	<u>\$ 117,078</u>

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

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

1/13/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 289,041	\$ 382,837	\$ 469,766
REVENUES			
Property taxes	101,063	103,575	117,078
Property Taxes - TIF AURA	49,918	51,745	74,785
Specific ownership taxes	14,236	9,320	9,366
Interest income	4,834	17,500	9,171
Total revenues	<u>170,051</u>	<u>182,140</u>	<u>210,400</u>
Total funds available	<u>459,092</u>	<u>564,977</u>	<u>680,166</u>
EXPENDITURES			
General and administrative			
Accounting	18,142	20,000	21,000
Auditing	5,600	4,750	5,000
County Treasurer's fee	1,516	1,554	1,756
Dues and licenses	361	360	500
Insurance and bonds	5,908	6,186	6,500
District management	10,635	12,000	12,000
Legal services	7,107	10,000	10,000
Miscellaneous	39	550	750
Election expense	440	-	400
Contingency	-	-	4,594
Operations and maintenance			
Landscaping	15,031	26,000	25,000
Snow removal	1,110	5,460	6,000
Irrigation	6,566	6,453	7,500
Landscape - replacements	-	1,898	5,000
Detention pond maint.	3,800	-	5,000
Wall maintenance and observation	-	-	5,000
Total expenditures	<u>76,255</u>	<u>95,211</u>	<u>116,000</u>
ENDING FUND BALANCE	<u>\$ 382,837</u>	<u>\$ 469,766</u>	<u>\$ 564,166</u>
EMERGENCY RESERVE	<u>\$ 5,200</u>	<u>\$ 5,500</u>	<u>\$ 6,400</u>
TOTAL RESERVE	<u>\$ 5,200</u>	<u>\$ 5,500</u>	<u>\$ 6,400</u>

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

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

1/13/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 1,547,586	\$ 1,511,424	\$ 1,607,880
REVENUES			
Property Taxes - TIF AURA	708,558	720,270	922,964
Interest income	36,311	24,795	31,166
Retail Sales Fee	1,163,508	1,211,589	1,236,884
Total revenues	<u>1,908,377</u>	<u>1,956,654</u>	<u>2,191,014</u>
Total funds available	<u>3,455,963</u>	<u>3,468,078</u>	<u>3,798,894</u>
EXPENDITURES			
Debt Service			
Paying agent fees	433	3,500	3,500
Bond interest - Series 2011 A	19,793	-	-
Bond interest - Series 2011 B	255,313	196,698	117,848
Bond principal - Series 2011 B	190,000	660,000	710,000
Bond Principal - Extraordinary Redemption	1,044,000	1,000,000	1,000,000
Contingency	-	-	8,652
Total expenditures	<u>1,944,539</u>	<u>1,860,198</u>	<u>1,840,000</u>
ENDING FUND BALANCE	<u>\$ 1,511,424</u>	<u>\$ 1,607,880</u>	<u>\$ 1,958,894</u>
DEBT SERVICE RESERVE FUND REQUIREMENT	\$ 1,216,288	\$ 1,216,288	\$ 1,216,288
DEBT SERVICE (ABOVE RESERVE REQ.)	295,136	391,592	742,606
TOTAL RESERVE	<u>\$ 1,511,424</u>	<u>\$ 1,607,880</u>	<u>\$ 1,958,894</u>

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

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

1/13/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 35,054	\$ 32,538	\$ 33,056
REVENUES			
Interest income	146	518	660
Total revenues	<u>146</u>	<u>518</u>	<u>660</u>
Total funds available	<u>35,200</u>	<u>33,056</u>	<u>33,716</u>
EXPENDITURES			
Capital Projects			
District management	2,662	-	-
Capital outlay	-	-	33,716
Total expenditures	<u>2,662</u>	<u>-</u>	<u>33,716</u>
ENDING FUND BALANCE	<u>\$ 32,538</u>	<u>\$ 33,056</u>	<u>\$ -</u>

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

**KIPLING RIDGE METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Kipling Ridge Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 15, 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado, entirely within the City of Arvada. The District was established to provide financing for the acquisition of construction and installation of water, sanitation, parks and recreation, drainage, street improvements, transportation, and mosquito control primarily for commercial development within the District.

On November 2, 2004, the District's voters approved general obligation indebtedness of \$20,000,000 for water supply system, \$20,000,000 for sanitary sewer system, \$20,000,000 for street improvements, \$20,000,000 for transportation, \$20,000,000 for refinancing of District debt, \$20,000,000 for intergovernmental agreements, and \$3,000,000 for general operations and maintenance. Per the Service Plan, the District is limited to \$20,000,000 in debt. The election also approved an annual increase in taxes of \$1,000,000 for general operations and maintenance.

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**

**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 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 at the adopted mill levy. Since the District is included in the Arvada Urban Renewal Authority (AURA), the District collects directly from the County property taxes on the base assessed value only. Property taxes from the tax increment are collected by AURA and are shared with Kipling Ridge as described in the Cooperation Agreement. In addition, the maximum combined debt service and operations mill levy for the District is 40.000 mills, as adjusted for changes in the ratio of actual value to assessed value with the District.

**KIPLING RIDGE METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**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 total property taxes collected, which is reported in the General Fund.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2.00%.

**Retail Sales Fee**

The District has entered into an agreement with the Arvada Ridge Public Improvement Corporation, the Arvada Urban Renewal Authority (AURA), and the City of Arvada that allows the District to impose a retail sales fee on taxable sales within the District. The retail sales fee is imposed on all sales that are subject to sales tax under City of Arvada ordinance and is calculated at 3.21%. The retail sales fee is collected by the Arvada Ridge Public Improvement Corporation and distributed to all of the parties to the cooperation agreement.

**Property Tax TIF AURA**

Pursuant to the Cooperation Agreement as entered into by the District and AURA, AURA shall remit to the District 60% of property tax proceeds generated from the TIF overlapping mill levies from a defined area and 45% of property tax proceeds generated from the TIF overlapping mill levies from another defined area. The District and AURA executed the Implementation Agreement on October 3, 2007, which will provide for the payment of past due amounts as well as providing a formula for calculating future amounts to be paid to the District by AURA. The formula will consist of taking the agreed upon base TIF amount (\$2,133,310) and inflating the base TIF by the overall percentage change in commercial growth in Jefferson County. The District's assessed valuation, net of the adjusted base, is multiplied by the overlapping mill levy and then allocated to the District as described above. The amount calculated for 2019 collections is based on the methodology defined in the Agreement. The terms of the Agreement shall expire on the date that is the earliest to occur of (i) payment in full of any bonds permitted to be issued by the District pursuant to the Agreement or (ii) September, 30 2028.

**Expenditures**

**County Treasurer's Collection Fees**

County Treasurer's collection fees have been computed at 1.5% of property taxes.



**KIPLING RIDGE METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (continued)**

**Administrative Expenditures**

Administrative and operating expenditures include the services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses.

**Capital Outlay**

Anticipated expenditures for capital outlay in 2020 are detailed on the capital funds summary page of the budget.

**Debt Service**

Principal and interest payments in 2020 are provided based on the debt amortization schedule from the \$12,360,000 Refunding Revenue Bonds, Series 2011A and 2011B (discussed under Debt and Leases). The District anticipates redeeming an additional \$1,000,000 on December 1, 2019, without redemption premium. The District's Series 2011A bonds were paid off on December 1, 2018.

**Debt and Leases**

\$12,360,000 Refunding Revenue Bonds, Series 2011A and 2011B, dated November 1, 2011, consisting of Series 2011A taxable to tax-exempt bonds which converted to tax-exempt status on January 5, 2012, and became Series 2012A tax-exempt bonds, and Series 2011B tax-exempt bonds. The Series 2012A bonds have a par amount of \$2,360,000 and bear an interest rate of 4.55% (after conversion), payable semiannually on each June 1 and December 1 with principal payments beginning December 1, 2012, through December 1, 2018, without redemption premium. The Series 2011B bonds are tax-exempt bonds issued in the par amount of \$10,000,000 and bear an interest rate of 4.75% and are due annually beginning in 2018 through 2028.

The District's current debt service schedule is attached. The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve fund equal to at least 3.0% of fiscal year spending for 2020, as defined under TABOR.

**This information is an integral part of the accompanying budget.**

**KIPLING RIDGE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$10,000,000 Refunding Revenue Bonds  
Tax Exempt, Series 2011B  
Dated November 1, 2011  
Interest Rate 4.75%**

**Interest Payable June 1 and December 1  
Principal Due December 1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 710,000	\$ 117,848	\$ 827,848
2021	750,000	84,123	834,123
2022	800,000	48,498	848,498
2023	221,000	10,498	231,498
	<u>\$ 2,481,000</u>	<u>\$ 260,965</u>	<u>\$ 2,741,965</u>

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