

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
OTHER INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

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Board of Directors  
Prairie Center Metropolitan District No. 1  
Adams County, Colorado

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Prairie Center Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Prairie Center Metropolitan District No. 1 as of December 31, 2020, 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.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The other 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 other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Wipfli LLP  
Lakewood, Colorado

June 14, 2021

## **BASIC FINANCIAL STATEMENTS**

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 10,472
Prepaid Insurance	2,963
Receivable - County Treasurer	8,135
Property Taxes Receivable	2,539,283
Total Assets	2,560,853
<b>LIABILITIES</b>	
Accounts Payable	2,957
Total Liabilities	2,957
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	2,539,283
Total Deferred Inflows of Resources	2,539,283
<b>NET POSITION</b>	
Unrestricted	18,613
Total Net Position	\$ 18,613

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,613,302	\$ -	\$ -	\$ -	\$ (1,613,302)
Total Governmental Activities	\$ 1,613,302	\$ -	\$ -	\$ -	(1,613,302)
 <b>GENERAL REVENUES</b>					
Property Taxes					824,400
Specific Ownership Taxes					109,043
Other Revenue					694,690
Total General Revenues					1,628,133
 <b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					3,782
 <b>NET POSITION - END OF YEAR</b>					
					\$ 18,613

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2020**

<b>ASSETS</b>	General	Total Governmental Funds
Cash and Investments	\$ 10,472	\$ 10,472
Prepaid Insurance	2,963	2,963
Receivable - County Treasurer	8,135	8,135
Property Taxes Receivable	2,539,283	2,539,283
Total Assets	\$ 2,560,853	\$ 2,560,853
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,957	\$ 2,957
Total Liabilities	2,957	2,957
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Tax Revenue	2,539,283	2,539,283
Total Deferred Inflows of Resources	2,539,283	2,539,283
<b>FUND BALANCE</b>		
Nonspendable:		
Prepaid Insurance	2,963	2,963
Unrestricted	15,650	15,650
Total Fund Balance	18,613	18,613
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,560,853	\$ 2,560,853

Amounts reported for governmental activities in the Statement of Net Position  
are the same as above.



**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2020**

	General	Total Governmental Funds
<b>REVENUES</b>		
Property Taxes	\$ 824,400	\$ 824,400
Specific Ownership Taxes	109,043	109,043
Other Revenue	694,690	694,690
Total Revenues	1,628,133	1,628,133
 <b>EXPENDITURES</b>		
Accounting	10,021	10,021
District Management	2,025	2,025
Dues and Licenses	1,238	1,238
County Treasurer's Fees	12,366	12,366
Election Expense	100	100
Insurance	3,160	3,160
Legal	1,650	1,650
Miscellaneous/Contingency	2,742	2,742
Transfer to District No. 3	1,580,000	1,580,000
Total Expenditures	1,613,302	1,613,302
 <b>NET CHANGE IN FUND BALANCE</b>	14,831	14,831
 Fund Balance - Beginning of Year	3,782	3,782
 <b>FUND BALANCE - END OF YEAR</b>	\$ 18,613	\$ 18,613

Amounts reported for governmental activities in the Statement of Activities  
are the same as above.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,485,839	\$ 1,485,839	\$ 824,400	\$ (661,439)
Specific Ownership Taxes	118,800	118,800	109,043	(9,757)
Other Revenue	-	791,579	694,690	(96,889)
Total Revenues	<u>1,604,639</u>	<u>2,396,218</u>	<u>1,628,133</u>	<u>(768,085)</u>
<b>EXPENDITURES</b>				
Accounting	6,500	11,500	10,021	1,479
District Management	3,500	3,500	2,025	1,475
Dues and Licenses	350	1,238	1,238	-
County Treasurer's Fees	22,288	22,288	12,366	9,922
Election Expense	1,000	100	100	-
Insurance	3,500	3,160	3,160	-
Legal	5,000	5,000	1,650	3,350
Miscellaneous/Contingency	2,862	115,214	2,742	112,472
Transfer to District No. 3	1,517,000	2,238,000	1,580,000	658,000
Total Expenditures	<u>1,562,000</u>	<u>2,400,000</u>	<u>1,613,302</u>	<u>786,698</u>
<b>NET CHANGE IN FUND BALANCE</b>	42,639	(3,782)	14,831	18,613
Fund Balance - Beginning of Year	<u>6,074</u>	<u>3,782</u>	<u>3,782</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 48,713</u>	<u>\$ -</u>	<u>\$ 18,613</u>	<u>\$ 18,613</u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Prairie Center Metropolitan District No. 1 (District), originally known as Third Creek Ranch Metropolitan District, is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was formed by a Decree of Organization issued by the District Court for Adams County on August 14, 1985. The Service Plan for the District was approved by Adams County, Colorado on June 24, 1985.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and transmission and mosquito control services.

The Boards of the District and District No. 3 have determined that it is in the respective Districts' best interest that the District remit the revenues, net of fees and administrative expenditures, to District No. 3 as consideration for the benefits derived from the public improvements constructed, operated and maintained by District No. 3 which benefit the service area.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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.

The statement of activities demonstrates the degree to which the direct and indirect 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 instead 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.

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 government 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 and specific ownership taxes. 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 operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall 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.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets (Continued)**

The District has amended its annual budget for the year ended December 31, 2020.

**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 inflows 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.

**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, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**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.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

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 balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 10,472
Total Cash and Investments	\$ 10,472

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

Deposits with Financial Institutions	\$ 10,472
Total Cash and Investments	\$ 10,472

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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.

At December 31, 2020, the District's cash deposits had a bank balance of \$16,126 and a carrying balance of \$10,472.

**Investments**

The District has adopted a formal investment policy wherein the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those 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.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2020, the District had no investments.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**NOTE 4 AUTHORIZED DEBT**

On November 7, 2000, the District's voters authorized total indebtedness of \$113,000,000 for construction of public improvements and operations and maintenance expenditures and \$113,000,000 for debt refunding. Legal counsel has advised the Board that because of the length of time that has passed since the 2000 authorization, they should not rely upon the validity of the 2000 authorization with respect to unissued debt. The Board has adopted this position and does not consider the 2000 authorization to be valid with respect to unissued debt.

On November 2, 2004, the District's voters authorized an additional total indebtedness of \$1,350,000,000 for construction of public improvements and operations and maintenance expenditures. The District's voters also authorized an additional total indebtedness of \$150,000,000 for debt refunding, and \$300,000,000 each for intergovernmental agreements and for multiple fiscal year obligations. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 2, 2004	Authorized But Unissued
Streets	\$ 150,000,000	\$ 150,000,000
Water	150,000,000	150,000,000
Sewer	150,000,000	150,000,000
Parks and Recreation	150,000,000	150,000,000
Public Transportation	150,000,000	150,000,000
Traffic and Safety Control	150,000,000	150,000,000
Television Relay and Translation	150,000,000	150,000,000
Mosquito Control	150,000,000	150,000,000
Operations and Maintenance	150,000,000	150,000,000
Debt Refunding	150,000,000	150,000,000
Intergovernmental Agreements	150,000,000	150,000,000
Reimbursements	150,000,000	150,000,000
IGA for public improvements	150,000,000	150,000,000
IGA for O&M	150,000,000	150,000,000
Total	\$ 2,100,000,000	\$ 2,100,000,000

The Service Plans for District Nos. 2 – 10 limit the aggregate amount of debt that they may issue together with any debt issued by the District to \$750,000,000.



**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 5 AGREEMENTS**

**Exclusion Agreement with Prairie Corner Development Partners, LLC**

On October 5, 2020, the District entered into an Exclusion Agreement with Prairie Corner Development Partners, LLC (Prairie Corner) in which the District agreed to exclude approximately 10.73 acres of property owned by Prairie Corner (the Property) from its boundaries (Exclusion Agreement). As a condition of the District approving the exclusion of the Property, the Exclusion Agreement required that Prairie Corner reimburse the District \$687,040 for its share of certain public improvements which benefit and will continue to benefit the property, specifically a water and sewer line (the "Cost Reimbursement Amount"). The District received the Cost Reimbursement Amount, and the Prairie Corner property was excluded from the boundaries of the District effective as of November 24, 2020.

**NOTE 6 RELATED PARTIES**

The developer of the property which constitutes the District is collectively THF Prairie Center Development, L.L.C., a Colorado limited liability company, and THF Prairie Center Retail One, L.L.C., a Missouri limited liability company (Developer). All members of the Board of Directors are officers or employees of an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 8 TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known 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. As of December 31, 2020, the District has not provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 3, which provides for the required reserve amount.

On November 2, 2004, the District's electors approved an election question to increase property taxes \$1,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

The District's management has taken steps it believes are necessary to comply 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.

## **OTHER INFORMATION**

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 990,680	60.000	\$ 59,441	\$ 59,441	100.00 %
2017	1,217,620	60.000	73,057	73,057	100.00
2018	1,462,610	60.000	87,757	87,757	100.00
2019	1,020,170	60.000	61,210	57,093	93.27
2020	24,763,990	60.000	1,485,839	824,400	55.48 (1)
Estimated for the Year Ending December 31, 2021	\$ 42,321,390	60.000	\$ 2,539,283		

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years or the abatement of taxes levied.

(1) The uncollected property taxes are due to a major taxpayer filing bankruptcy in 2020. The court granted authority to the debtors to set aside \$60 million to pay pre-petition taxes and post-petition taxes in the ordinary course. The District expects to collect its share of past due property taxes in 2021.