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Accountant's Compilation Report

Board of Directors
Prairie Center Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues expenditures and fund balances of Prairie Center Metropolitan District No. 1 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 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 Prairie Center Metropolitan District No. 1.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 15, 2020

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/15/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 5,385	\$ 5,864	\$ 6,074
REVENUES			
Property taxes	87,757	61,210	1,485,839
Specific ownership taxes	7,661	5,000	118,800
Total revenues	<u>95,418</u>	<u>66,210</u>	<u>1,604,639</u>
Total funds available	<u>100,803</u>	<u>72,074</u>	<u>1,610,713</u>
EXPENDITURES			
General and administrative			
Accounting - recurring	4,979	5,200	5,200
Accounting - budget prep	754	1,000	800
Accounting - audit prep	284	317	500
County Treasurer's fees	1,316	918	22,288
Legal services	-	-	5,000
Dues and licenses	345	225	350
Insurance and bonds	2,731	2,858	3,500
District management	2,900	3,000	3,500
Transfers to District No. 3	80,000	50,000	1,517,000
Miscellaneous/Contingency	1,630	2,482	2,862
Election expense	-	-	1,000
Total expenditures	<u>94,939</u>	<u>66,000</u>	<u>1,562,000</u>
Total expenditures and transfers out requiring appropriation	<u>94,939</u>	<u>66,000</u>	<u>1,562,000</u>
ENDING FUND BALANCES	<u>\$ 5,864</u>	<u>\$ 6,074</u>	<u>\$ 48,713</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 48,200
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,200</u>

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

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/15/20

ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
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ASSESSED VALUATION

Residential	\$ 29,830	\$ 29,830	\$ -
Agricultural	34,750	34,750	34,770
Oil & Gas	-	-	21,779,290
State assessed	14,110	47,780	116,210
Vacant land	20	20	20
Personal property	1,383,900	907,790	2,833,700
Certified Assessed Value	\$ 1,462,610	\$ 1,020,170	\$ 24,763,990

MILL LEVY

General	60.000	60.000	60.000
Total mill levy	60.000	60.000	60.000

PROPERTY TAXES

General	\$ 87,757	\$ 61,210	\$ 1,485,839
Levied property taxes	87,757	61,210	1,485,839
Budgeted property taxes	\$ 87,757	\$ 61,210	\$ 1,485,839

BUDGETED PROPERTY TAXES

General	\$ 87,757	\$ 61,210	\$ 1,485,839
	\$ 87,757	\$ 61,210	\$ 1,485,839

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

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Prairie Center Metropolitan District No. 1(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 formed by order and decree of the District Court for Adams County on August 14, 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 translator and mosquito and pest control services.

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. Additionally, on November 2, 2004, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

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.

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 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.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

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.

Expenditures

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 costs of services necessary to maintain the District's administrative viability such as accounting, managerial, insurance, and other administrative expenses.

County Treasurer's Fees

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

Transfer to Prairie Center Metropolitan District No. 3

The Boards of District Nos. 1 and 3 have determined that it is in the respective Districts' best interest that District No. 1 impose 60.000 mills and 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.

Debt and Leases

The District has no outstanding debt, nor any 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.

This information is an integral part of the accompanying budget.