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Accountant's Compilation Report

Board of Directors
Prairie Center Metropolitan District No. 7

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Prairie Center Metropolitan District No. 7 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. 7.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 23, 2020



An independent member of Nexia International

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ (30,301)	\$ (1,485,741)	\$ 315
REVENUES			
Property taxes	-	377	195,944
Specific ownership taxes	-	23	15,600
Facilities fees	6,000	105,000	180,000
Drainage impact fees	-	169,460	275,000
Credit public improvement fees	3,589	65,000	108,000
Add-on public improvement fees	2,871	52,000	87,000
Developer advances	4,873,221	2,092,018	-
Working capital fees	-	2,000	12,000
Operations fees	-	750	13,500
Rebated city fees	-	182,433	202,000
Total revenues	<u>4,885,681</u>	<u>2,669,061</u>	<u>1,089,044</u>
Total funds available	<u>4,855,380</u>	<u>1,183,320</u>	<u>1,089,359</u>
EXPENDITURES			
General Fund	51,841	118,000	222,000
Debt Service Fund	-	5	315
Capital Projects Fund	6,289,280	1,065,000	852,000
Total expenditures	<u>6,341,121</u>	<u>1,183,005</u>	<u>1,074,315</u>
Total expenditures and transfers out requiring appropriation	<u>6,341,121</u>	<u>1,183,005</u>	<u>1,074,315</u>
ENDING FUND BALANCES	<u>\$ (1,485,741)</u>	<u>\$ 315</u>	<u>\$ 15,044</u>
EMERGENCY RESERVE	\$ -	\$ -	\$ 7,200
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,200</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. 7
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Vacant land	\$ 10	\$ 6,820	\$ 2,933,470
Certified Assessed Value	<u>\$ 10</u>	<u>\$ 6,820</u>	<u>\$ 2,933,470</u>
MILL LEVY			
General	0.000	11.055	66.796
Debt Service	0.000	44.222	0.000
Total mill levy	<u>0.000</u>	<u>55.277</u>	<u>66.796</u>
PROPERTY TAXES			
General	\$ -	\$ 75	\$ 195,944
Debt Service	-	302	-
Levied property taxes	<u>-</u>	<u>377</u>	<u>195,944</u>
Budgeted property taxes	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 195,944</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ 75	\$ 195,944
Debt Service	-	302	-
	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 195,944</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. 7
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ (11,622)	\$ (3,735)	\$ -
REVENUES			
Property taxes	-	75	195,944
Specific ownership taxes	-	5	15,600
Developer advances	59,728	118,905	-
Working capital fees	-	2,000	12,000
Operations fees	-	750	13,500
Total revenues	59,728	121,735	237,044
Total funds available	48,106	118,000	237,044
EXPENDITURES			
General and administrative			
Accounting	8,310	22,000	35,000
Audit	-	1,540	4,500
County Treasurer's fees	-	1	2,939
Dues and membership	244	314	500
Insurance	8,007	11,076	12,000
District management	3,979	15,000	25,000
Legal services	25,994	20,000	35,000
Miscellaneous/Contingency	4,664	15,069	6,461
Election expense	-	-	1,000
Operations and maintenance			
Landscape maintenance - District Tracts	643	25,000	15,000
Repairs and maintenance - District Tracts	-	-	2,400
Irrigation repairs - District Tracts	-	-	1,000
Electric - District Tracts	-	-	1,200
Community management	-	6,000	20,000
Billing and collection	-	2,000	8,000
Irrigation repairs - Park	-	-	1,000
Landscape maintenance - Park	-	-	18,000
Irrigation water - District Tracts	-	-	15,000
Total expenditures	51,841	118,000	222,000
Total expenditures and transfers out requiring appropriation	51,841	118,000	222,000
ENDING FUND BALANCES	\$ (3,735)	\$ -	\$ 15,044
EMERGENCY RESERVE	\$ -	\$ -	\$ 7,200
TOTAL RESERVE	\$ -	\$ -	\$ 7,200

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. 7
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 315
REVENUES			
Property taxes	-	302	-
Specific ownership taxes	-	18	-
Total revenues	<u>-</u>	<u>320</u>	<u>-</u>
Total funds available	<u>-</u>	<u>320</u>	<u>315</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	-	5	-
Miscellaneous/Contingency	-	-	315
Total expenditures	<u>-</u>	<u>5</u>	<u>315</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>5</u>	<u>315</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ -</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. 7
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ (18,679)	\$ (1,482,006)	\$ -
REVENUES			
Developer advances	4,813,493	1,973,113	-
Facilities fees	6,000	105,000	180,000
Credit public improvement fees	3,589	65,000	108,000
Add-On public improvement fees	2,871	52,000	87,000
Drainage impact fees	-	169,460	275,000
Rebated city fees	-	182,433	202,000
Total revenues	4,825,953	2,547,006	852,000
Total funds available	4,807,274	1,065,000	852,000
EXPENDITURES			
General and Administrative			
Accounting	14,601	18,000	-
Audit	-	2,310	-
District management	5,968	10,000	-
Legal services	38,992	10,000	-
Miscellaneous/Contingency	-	14,690	827,000
Capital Projects			
Project management fee	225,046	40,000	-
Project management fee interest	6,568	20,000	25,000
Village 1 park	1,528,367	700,000	-
Village 1 collector roads	4,442,900	200,000	-
Village 1 storm drainage	26,838	50,000	-
Total expenditures	6,289,280	1,065,000	852,000
Total expenditures and transfers out requiring appropriation	6,289,280	1,065,000	852,000
ENDING FUND BALANCES	\$ (1,482,006)	\$ -	\$ -

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. 7
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Prairie Center Metropolitan District No. 7 (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 May 22, 2006. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translator and mosquito and pest control services.

Concurrently with the formation of the District, the City approved service plans for Prairie Center Metropolitan District Nos. 3, 4, 5, 6, 8, 9 and 10.

During elections held on May 2, 2006, a majority of the District's electors authorized general obligation indebtedness of \$6,790,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 2, 2006, 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 District No. 1 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. 7
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.

The change in assessment ratio from 7.2% to 7.15% allows the District to adjust its mill levy to offset the decrease in revenues. Accordingly, the District adjusted its mill levy to 11.132 for operations and 44.531 for debt service.

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.

Operations and Capital Fees

The District established an operations fee of \$360 per year on each residential lot along with a one-time capital fee of \$200 upon closing to cover the costs of operations and maintaining the District improvements.

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees and Rebated City Fees

The District entered into an Intergovernmental Agreement Regarding Assignment of Revenues (the IGA) with Prairie Center Metro District No. 3 (District No. 3). Per the IGA, District No. 3 agrees to transfer to the District its rights to receive revenues as set forth in the IGA that are directly attributable to Village I. District No. 3 is relieved from providing any public improvements or management services related to Village I as it is being developed by the District, separately from the remaining development.

These assigned revenues include:

- *Facilities Fees* – being assessed for the use of the District's improvements. The facilities fee is \$3,000 per single-family, detached dwelling unit, due on or before the date of issuance of a building permit by the City of Brighton.
- *Credit and Add-On PIF* – being assessed on use tax transactions and collected at the time of building permit issuance. The Credit PIF is calculated as 1.25% of 50% of the project valuation. The Add-On PIF is calculated as 1.00% of 50% of the project valuation.
- *Drainage Impact Fees* – the City of Brighton shall reimburse the District, on a quarterly basis from building permits issued, for the design, financing and construction of the stormwater improvements.
- *Rebated City Fees* – the City of Brighton shall remit a per-lot rebated fee to the District, on a quarterly basis from certificates of occupancy issued, in the amount of \$6,756.75 per single-family residential lot for a total reimbursement not to exceed \$2,500,000 at the completion of the Village 1 Subdivision.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

General and Administrative

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses.

Operations and Maintenance

Operations and maintenance expenditures include estimated expenditures for improvements within the District related to repairs and maintenance, landscaping maintenance, park maintenance, utility costs and snow removal.

Treasurer's Fees

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

Capital Outlay

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

Debt and Leases

The District has no outstanding debt, nor any operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve 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.