

**PRAIRIESTAR METROPOLITAN DISTRICT NOS. 1-4**

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 · 800-741-3254  
Fax: 303-987-2032

July 22, 2020

Town of Berthoud  
Town Clerk  
PO Box 1229  
Berthoud, CO 80513

[CSamora@berthoud.org](mailto:CSamora@berthoud.org)

Enclosed please find the year 2019 information and documents required to be provided to the Town, pursuant to the Annual Report section of the District's Service Plan approved by the Town of Berthoud on July 27, 2010.

Please acknowledge your receipt of the information and documents by signing this letter below and returning to this office via email to [ksteggs@sdmsi.com](mailto:ksteggs@sdmsi.com).

If you have any questions, please contact me.

Sincerely,



Karen J. Steggs  
Assistant to Judy Leyshon  
District Manager

Enclosure

cc: McGeady Becher P.C. – Jennifer Henry  
Division of Local Government  
State Auditor

The above referenced information and documents were received this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

Town of Berthoud

By: \_\_\_\_\_

**ANNUAL REPORT**  
**FOR THE YEAR 2019**  
**PRAIRIESTAR METROPOLITAN DISTRICT NOS. 1-4**

Pursuant to Section VII of the Service Plans approved by the Town of Berthoud, Colorado on July 27, 2010:

1. **Boundary changes made or proposed to the Districts' boundaries as of December 31 of the prior year.** Boundary changes were made for District No. 1 - approximately 1.000 acre of real property was excluded out of its boundaries effective April 29, 2019 and approximately 1.000 acre of real property was included into its boundaries effective April 26, 2019. Boundary changes were made for District No. 2 - approximately 33.000 acres of real property were included into its boundaries effective April 26, 2019. Boundary changes were made for District No. 3 - approximately 23.000 acres of real property were included into its boundaries effective April 26, 2019 and approximately 1.000 acre of real property was excluded out of its boundaries effective April 29, 2019. Boundary changes were made for District No. 4 - approximately 1.000 acre of real property were included into its boundaries effective April 26, 2019 and approximately 1.000 acre of real property was excluded out of its boundaries effective April 29, 2019.
2. **Agreements with other governmental entities entered into or proposed as of December 31 of the prior year.**
  - Inclusion Agreement dated March 27, 2019 by and between the District and PrairieStar, Inc.
3. **A list of all facilities and improvements constructed or acquired by the Districts and those that have been dedicated to and accepted by the Town as of December 31 of the prior year.** No improvements were constructed or acquired by the Districts. There were no improvements or facilities accepted/dedicated by the Town as of December 31, 2019.
4. **Audit of the Districts' financial statements, for the year ending December 31<sup>st</sup> of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.** The Audited Financial Statements for District Nos. 1 and 2 are attached. Attached please find the 2019 Applications for Exemption from Audit for District Nos. 3 and 4.
5. **Notice of continuing disclosure undertaking for events of default by the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.** None.
6. **Any inability of the Districts to pay its obligations as they come due in accordance with the terms of and Debt instruments, which continue beyond a ninety (90) day period.** None.

**PRAIRIESTAR METROPOLITAN  
DISTRICT NO. 1**

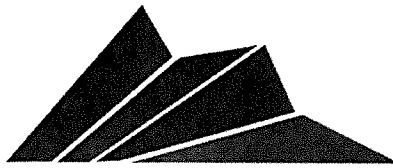
**Financial Statements**

**December 31, 2019**

# PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

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## Dazzio & Associates, PC

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Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
PrairieStar Metropolitan District No. 1  
Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the PrairieStar Metropolitan District No. 1 as of and for the year ended December 31, 2019, 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 of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112  
303-905-0809 • [info@dazziocpa.com](mailto:info@dazziocpa.com)

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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

***Opinions***

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 the PrairieStar Metropolitan District No. 1, as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PrairieStar Metropolitan District No. 1's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund (the Supplementary Information) is presented for purposes of additional analysis and legal compliance and are not a required part of the financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Daggio & Associates, P.C.*

June 22, 2020

## **BASIC FINANCIAL STATEMENTS**

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 99,631
Prepaid Expense	1,300
Capital Assets Not Being Depreciated	<u>7,035,918</u>
<b>Total Assets</b>	<u>7,136,849</u>
<b>Liabilities</b>	
Accounts Payable	13,109
Due to District No. 2	108,600
Noncurrent Liabilities:	
Due In More Than One Year	<u>13,964,869</u>
<b>Total Liabilities</b>	<u>14,086,578</u>
<b>Net Position</b>	
Net Investment In Capital Assets	1,500,006
Restricted	
Emergencies	2,285
Unrestricted	<u>(8,452,020)</u>
<b>Total Net Position</b>	<u>\$ (6,949,729)</u>

The notes to the financial statements are an integral part of this statement.



PrairieStar Metropolitan District No. 1

Statement of Activities

For the Year Ended December 31, 2019

Function/Program Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities			Capital Grants and Contributions	Governmental Activities
Administration	\$ 169,369	\$ 18,975	\$ 57,186	\$ (93,208)
Interest and Related Costs on Long-term Debt	650,565	-	-	(650,565)
Total Governmental Activities	\$ 819,934	\$ 18,975	\$ 57,186	\$ (743,773)
		General Revenues:		
			Miscellaneous	-
			Total General Revenues	-
			Changes In Net Position	(743,773)
			Net Position - Beginning	(6,205,956)
			Net Position - Ending	\$ (6,949,729)

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 99,631	\$ -	\$ 99,631
Prepaid Expenditures	1,300	-	1,300
Due from Other Funds	17,008	-	17,008
<b>Total Assets</b>	<u>\$ 117,939</u>	<u>\$ -</u>	<u>\$ 117,939</u>
<b>Liabilities</b>			
Accounts Payable	\$ 13,109	\$ -	\$ 13,109
Due to District No. 2	108,600	-	108,600
Due to Other Funds	-	17,008	17,008
<b>Total Liabilities</b>	<u>121,709</u>	<u>17,008</u>	<u>138,717</u>
<b>Fund Balances</b>			
Nonspendable			
Prepaid Expenses	1,300	-	1,300
Restricted			
Emergencies	2,285	-	2,285
Unassigned	(7,355)	(17,008)	(24,363)
<b>Total Fund Balances</b>	<u>(3,770)</u>	<u>(17,008)</u>	<u>(20,778)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 117,939</u>	<u>\$ -</u>	<u>\$ 117,939</u>

The notes to the financial statements are an integral part of this statement.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**December 31, 2019**

Total Fund Balances - Governmental Funds	\$	(20,778)
Total net position reported for governmental activities in the statement of of net position is different because:		
Construction in Process		7,035,918
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>		
Balances at December 31, 2019 are:		
Developer Advance - Operations	\$	(319,543)
Developer Advance - Operations - Accrued Interest		(57,654)
Developer Advance - Capital		(11,704,985)
Developer Advance - Capital - Accrued Interest		(1,882,687)
		(13,964,869)
Net Position - Governmental Activities	\$	(6,949,729)

The notes to the financial statements are an integral part of this statement.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenues</b>			
Transfer from District No. 2	\$ 57,184	\$ -	\$ 57,184
Transfer from District No. 3	2	-	2
Transfer Fees	6,750	-	6,750
Landscape Review Fees	12,225	-	12,225
<b>Total Revenues</b>	<u>76,161</u>	<u>-</u>	<u>76,161</u>
<b>Expenditures</b>			
Management	39,530	-	39,530
Accounting	17,000	-	17,000
Audit	12,306	-	12,306
Election	40	-	40
Insurance	6,360	-	6,360
Legal	44,157	-	44,157
Covenant Control Enforcement	24,989	-	24,989
Utilities	7,481	-	7,481
Miscellaneous	15,458	-	15,458
Engineering	-	12,264	12,264
Project Construction	-	3,131,051	3,131,051
Bond Issue Costs	2,048	-	2,048
<b>Total Expenditures</b>	<u>169,369</u>	<u>3,143,315</u>	<u>3,312,684</u>
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	(93,208)	(3,143,315)	(3,236,523)
<b>Other Financing Sources</b>			
Developer Advances	89,000	3,131,051	3,220,051
<b>Net Change in Fund Balances</b>	(4,208)	(12,264)	(16,472)
<b>Fund Balances - Beginning</b>	438	(4,744)	(4,306)
<b>Fund Balances - Ending</b>	<u>\$ (3,770)</u>	<u>\$ (17,008)</u>	<u>\$ (20,778)</u>

The notes to the financial statements are an integral part of this statement.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ (16,472)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital outlay	\$ 3,143,315
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Developer Advance - Operations	\$ (89,000)	
Developer Advance - Operations - Accrued Interest	(23,429)	
Developer Advance - Capital	(3,131,051)	
Developer Advance - Capital - Accrued Interest	(627,136)	(3,870,616)

Change in Net Position - Governmental Activities	\$ <u>(743,773)</u>
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The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual
<b>Revenues</b>					
Transfer from District No. 2	\$ 53,620	\$ 57,603	\$ 57,184	\$ (419)	\$ 34,929
Transfer from District No. 3	500	1	2	1	-
Transfer Fees	1,800	10,000	6,750	(3,250)	9,525
Landscape Review Fees	2,000	7,500	12,225	4,725	3,950
Miscellaneous Income	620	10	-	(10)	3,276
<b>Total Revenues</b>	<b>58,540</b>	<b>75,114</b>	<b>76,161</b>	<b>1,047</b>	<b>51,680</b>
<b>Expenditures</b>					
Current					
Management	12,000	40,000	39,530	470	48,564
Accounting	8,000	17,000	17,000	-	3,647
Audit	6,800	12,500	12,306	194	5,573
Election	-	-	40	(40)	2,187
Insurance	7,250	6,360	6,360	-	6,105
Legal	15,000	45,000	44,157	843	20,386
Legal - Covenant Enforcement	10,000	-	-	-	-
Covenant Control Enforcement	24,000	25,000	24,989	11	13,806
Costs of Issuance	-	-	2,048	(2,048)	-
Utilities	-	7,500	7,481	19	8,930
Miscellaneous	5,000	16,640	15,458	1,182	2,877
Emergency Reserve	2,425	-	-	-	-
<b>Total Expenditures</b>	<b>90,475</b>	<b>170,000</b>	<b>169,369</b>	<b>631</b>	<b>112,075</b>
<b>Excess Expenditures over Revenues</b>	<b>(31,935)</b>	<b>(94,886)</b>	<b>(93,208)</b>	<b>1,678</b>	<b>(60,395)</b>
<b>Other Financing Sources</b>					
Developer Advances	31,935	95,000	89,000	(6,000)	58,881
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>114</b>	<b>(4,208)</b>	<b>(4,322)</b>	<b>(1,514)</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>440</b>	<b>438</b>	<b>(2)</b>	<b>1,952</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 554</b>	<b>\$ (3,770)</b>	<b>\$ (4,324)</b>	<b>\$ 438</b>

The notes to the financial statements are an integral part of this statement.

# PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### Note 1 – Definition of Reporting Entity

The PrairieStar Metropolitan District No. 1 (the “District”), was originally organized by recorded Order and Decree of the District Court for the County of Larimer on December 8, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District operates under a Service Plan approved by the Town of Berthoud (the “Town”) on July 27, 2010. The District’s service boundaries are located entirely within the Town. The District is one of four related districts: PrairieStar Metropolitan Districts Nos. 1, 2, 3 and 4 (the “Districts”). The Districts entered into a Memorandum of Understanding that defines the various responsibilities the Districts (see Note 6). As of December 31, 2019, the Districts have the same membership of their respective Boards of Directors.

Pursuant to the Service Plan, the District has the power to provide for the design, acquisition, construction, installation, relocating, redeveloping and financing of certain water, sanitation, storm water, street, traffic and safety protection, transportation, mosquito control, park and recreation, television relay and translator, and fire protection improvements and services.

It is anticipated that when completed, the District will transfer much of the public improvements to the Town or other appropriate entities for ownership and operations and maintenance. It is anticipated that certain landscaping and parks and recreation improvements will be retained by the District for operations and maintenance thereof.

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

# PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### **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 financial statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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



PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

**General Fund** – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Fund** – This fund is used to account for the acquisition and construction of the District's major capital facilities.

**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 level and lapses at year end. The District 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.

The District has amended its annual budget for the year ended December 31, 2019.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

## PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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#### **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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

The District imposed a mill levy for collection years 2014 through 2019, but there was not sufficient valuation to generate property tax revenues.

#### **Capital Assets**

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

#### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight method and charged to interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt services expenditures, in both the government-wide statements and fund financial statements.

# PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### Net Position and Fund Equity

#### Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as restricted and unrestricted.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted Net Position represents assets that do not have any third-party limitations on their use.

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 Balances

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. 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.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

**Deficit Fund Balance**

The General Fund and the Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2019. The deficit will be eliminated with the receipt of developer advances in 2020.

**Note 3 – Cash and Investments**

**Cash Deposits**

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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At December 31, 2019, the District's cash deposits had a bank balance of \$99,679 and a carrying balance of \$99,631.

**Investments**

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, 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 disclosure requirements or subject to investment custodial credit risk 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 US 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

At December 31, 2019, the District did not have any investments.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019**

**Note 4 – Capital Assets**

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Construction in progress	<u>\$ 3,892,603</u>	<u>\$ 3,143,315</u>	<u>\$ -</u>	<u>\$ 7,035,918</u>

The District is in the process of completing the infrastructure improvements and upon completion, some assets will also be dedicated. Any remaining assets will remain with the District and be depreciated.

**Note 5 – Long-Term Obligations**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Developer Advances</b>					
<b>Capital</b>					
Principal	\$ 8,573,934	\$ 3,131,051	\$ -	\$ 11,704,985	\$ -
Interest	1,255,551	627,136	-	1,882,687	-
<b>Operating</b>					
2013-2018 - Principal	64,902	-	-	64,902	-
2013-2018 - Interest	18,222	5,192	-	23,414	-
MYOFA - Principal	165,641	89,000	-	254,641	-
MYOFA - Interest	16,003	18,237	-	34,240	-
	<u>\$ 10,094,253</u>	<u>\$ 3,870,616</u>	<u>\$ -</u>	<u>\$ 13,964,869</u>	<u>\$ -</u>

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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**Developer Advances**

The District entered into Operation Funding Agreements and a Facilities Funding and Acquisition Agreement with Prairiestar, Inc. (the “Developer”) as follows:

**Operation Funding Agreements**

**2013 - 2018 Operation Funding Agreement (“2013–2018 OFA”)**

On December 3, 2012, the District entered into a 2013–2018 OFA with the Developer.

The District anticipates a shortfall in operations revenues of \$5,400 (the “Shortfall Amount”) for the fiscal years 2013 through 2018. The Developer advances funds necessary to fund, or directly pay, the District's operations and maintenance expenses on a periodic basis as needed for fiscal years 2013 through 2018 up to the Shortfall Amount. The agreement was amended on December 3, 2015 to increase the Shortfall Amount for fiscal years 2013 through 2018 to \$250,000.

The advances accrue simple interest at a rate of 8.0% per annum from the date of deposit in the District’s account. The repayment obligations do not constitute a multiple fiscal year financial obligation and are subject to annual appropriation. The obligation of the Developer to advance funds under the 2013–2018 OFA expire on March 15, 2019. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the 2013–2018 OFA on or before December 31, 2058, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

The District intends to repay amounts advanced by the Developer pursuant to the 2013–2018 OFA, to the extent it has funds available from the imposition of its taxes, fees, rates, tolls, penalties, and charges and from any other revenue legally available, after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation.

At December 31, 2019, the outstanding principal and interest owed on the 2013–2018 OFA is \$64,902 and \$23,414, respectively.

The 2013–2018 OFA was terminated on August 3, 2016 when the Multiple-Year Operations Funding Agreement was executed.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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**Multiple-Year Operations Funding Agreement (MYOFA)**

On August 3, 2016, the District entered into a MYOFA with the Developer. The District's current financial forecast of increases in assessed valuation due to growth, and expenditures for operations and maintenance expenses (Operations Expense), the District anticipates annual shortfalls in revenues available for Operations Expenses to be incurred for fiscal year 2016 and in each fiscal year thereafter until 2032. The District shall be required to impose on a yearly basis during the term of this Agreement a mill levy of at least 10 mills, but not more than the mill levy limit in the Service Plan ("Operations Mill Levy") for the Operations Expenses of the District. The revenue generated from the Operations Mill Levy plus specific ownership taxes generated as a result of the Operations Mill Levy shall be the "Operations Revenue." The MYOFA provides that the Developer will advance funds to the District in an amount equal to the difference between the Assumed Annual Budget Amount, equal to the operation and maintenance budget for the following fiscal year and the Operations Revenue (the Shortfall Amount). The Assumed Annual Budget Amount for fiscal years 2016 and 2017 is estimated to be \$76,150 and \$93,860, respectively, and for fiscal years 2018 through 2021, approximately \$131,560, so that in each such year the Developer will be required to fund the difference between the Assumed Annual Budget Amount and the Operations Revenue. Starting in fiscal year 2022, the Assumed Annual Budget Amount will equal the average of the actual total amount expended by the District in its General Fund plus any budgeted operating reserves, in the previous three-year period.

If the District imposes an Operations Mill Levy of less than 10 mills, the Developer is not obligated under this Agreement to fund any difference between the Operations Revenue that would be generated from the 10 mills Operations Mill Levy plus specific ownership taxes generated as a result of the Operations Mill Levy and the revenue generated from the Operations Mill Levy actually imposed in the applicable year. Amounts advanced under the MYOFA accrue interest at 8% per annum.

The obligation of the Developer to advance funds under the MYOFA expires on December 31, 2056. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to the MYOFA on or before December 31, 2056, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

This MYOFA may be terminated after December 31, 2023 if the Operations Revenue for the two most recent consecutive years was equal to or more than the Assumed Annual Budget Amount during such two-year period.

At December 31, 2019, the outstanding principal and interest owed to the Developer for amounts advances under the MYOFA is \$254,641 and \$34,240, respectively.



PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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Priority of Payments

Payments to reimburse the Developer shall be made on December 2 of each year and shall be applied as follows: (a) first to accrued and unpaid interest and then principal on amounts received on the 2013-2018 OFA prior to its termination, but which remain outstanding, and then (b) first to the accrued and unpaid interest and then to the principal amount due pursuant to the MYOFA.

Facilities Funding and Acquisition Agreement

On December 14, 2010, with an effective date of December 8, 2010 (the "Organization Date"), the District entered into a Facilities Funding and Acquisition Agreement with the Developer ("FFAA"). The FFAA acknowledges that the Developer has expended funds for the organization of the District and, upon independent verification and approval of those expenses, provides for the reimbursement of those costs. The advances will accrue simple interest at a rate of 8.0% per annum. Advances for organizational expenses accrue interest from the Organization Date. Advances for construction related expenses accrue interest either from the organization date, the date of deposit in the District's account or the date the verified costs were incurred by the Developer. Repayments by the District to the Developer shall be first applied to accrued interest and then to principal. No payment is required until the District issues bonds.

At December 31, 2019, the outstanding principal and interest owed on the FFAA is \$11,704,985 and \$1,882,687 respectively.

The District and Developer entered into a First Amendment to the FFAA on August 3, 2016, in order to acknowledge that District No. 2 will issue bonds on behalf of the Districts. The Amendment to the FFAA evidences an intent to reimburse the Developer, but shall not constitute a debt or indebtedness, nor a multiple fiscal year financial obligation.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**Authorized Debt**

On November 2, 2010 and on May 6, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$915,600,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2010	Amount Authorized on May 6, 2014	Authorized but Unissued at December 31, 2016
Streets	\$ 38,150,000	\$ 38,150,000	\$ 76,300,000
Parks and Recreation	38,150,000	38,150,000	76,300,000
Water	38,150,000	38,150,000	76,300,000
Sanitation/Storm Sewer	38,150,000	38,150,000	76,300,000
Transportation	38,150,000	38,150,000	76,300,000
Mosquito Control	38,150,000	38,150,000	76,300,000
Traffic and Safety Protection	38,150,000	38,150,000	76,300,000
Fire Protection and EMR	38,150,000	38,150,000	76,300,000
Television Relay and Translation	38,150,000	38,150,000	76,300,000
Operations and Maintenance	38,150,000	38,150,000	76,300,000
Debt Refundings	38,150,000	38,150,000	76,300,000
Intergovernmental Agreements	38,150,000	38,150,000	76,300,000
	<u>\$ 457,800,000</u>	<u>\$ 457,800,000</u>	<u>\$ 915,600,000</u>

Per the Service Plan, the District is limited to issuing \$38,150,000 in debt.

**Note 6 – Intergovernmental Agreements**

**Intergovernmental Agreement with the Town**

On December 14, 2010, the District entered into an Intergovernmental Agreement (“Agreement”) with the Town whereby the District agreed to various restrictions and notification requirements related to areas such as District dissolution, tax or fee impositions, bond issuances, boundary expansions and service expansions.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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**Memorandum of Understanding**

A Memorandum of Understanding was entered into on December 14, 2010 by and among the District, District No. 2, District No. 3 and District No. 4 ("MOU"). Under the Service Plan, the Districts are required to work together and coordinate their efforts with respect to all activities contemplated in the Service Plan including but not limited to the management and administration of the Districts, the provision of essential services by the Districts, and the financing, construction, operation and maintenance of public improvements.

The MOU acknowledges that the District shall provide for the financing, construction, design, operation and maintenance of the public improvements, as well as the overall administration of the Districts and further acknowledges that the District has the authority to enter into agreement(s) and other obligations with the Developer of the property to provide for the financing of such services. The MOU acknowledges that the Districts will enter into a Facilities, Funding, Construction and Operations Agreement detailing such services ("FFCOA"). The MOU also provides that the FFCOA shall provide for District No. 2, District No. 3 and District No. 4 to remit revenues to the District for all costs incurred by the District pursuant to the MOU based on an allocable basis to be set forth in the FFCOA.

**Facilities, Funding, Construction and Operations Agreement ("FFCOA")**

On December 9, 2014, with an effective date of December 5, 2013, the District entered into a FFCOA with PrairieStar Metropolitan District No. 2 ("District No. 2). Pursuant to the FFCOA, the District serves as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and the Taxing District will contribute to the costs of construction, operation, management and maintenance of such Public Improvements. District No. 2 serves as the Taxing District. As of the Effective Date of this Agreement, District No. 3 and District No. 4 continue to be inactive. Consistent with the terms of the MOU, the Districts intend for District No. 3 and District No. 4 to also be parties to this Agreement and therefore, at such time as District No. 3 and District No. 4 each become active, this Agreement will be presented to District No. 3 and District No. 4 for consideration and they will each be given the opportunity to become a party to this Agreement, and until such time, the MOU shall continue to govern the rights and obligations with respect to District No. 3 and District No. 4.

Each Taxing District anticipates receiving revenue from the imposition of a mill levy against all property within its respective boundaries and specific ownership taxes, and, if imposed or assessed at the direction of the Operating District, the collection of fees, charges, rates and tolls. All revenue received by the Taxing District will be transferred to the Operating District.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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On August 3, 2016, the FFCOA was amended and restated ("Amended FFCOA") to recognize the Taxing District's issuance of Bonds and to reflect the changed debt structure of the Districts. Pursuant to the Amended FFCOA, either of the Districts may issue bonds for the construction, acquisition, or reimbursement of costs. Each District that determines to issue Bonds hereunder the proceeds of which will be utilized for Public Improvements shall be an "Issuing District". Each Taxing District anticipates receiving revenue from the imposition of a mill levy against all property within its respective boundaries and specific ownership taxes, and, if imposed or assessed at the direction of the Operating District, the collection of fees, charges, rates and tolls. All revenue received by the Taxing District will be transferred to the Operating District. However, If the Taxing District is the Issuing District and if the Taxing District pledges its debt service mill levy, specific ownership taxes attributable to such mill levy and other revenue of the Taxing District to the repayment of the Bond Requirements related to its Bonds, the Taxing District shall not be required to transfer the Taxing District Pledged Revenue to the Operating District.

Upon District No. 3's return to active status on March 28, 2018, District No. 1, District No. 2 and District No. 3 entered into a Second Amended and Restated FFCOA, effective March 28, 2018 in order to add District No. 3 as a party.

During the year ending December 31, 2019, \$57,184 was transferred from District No. 2, representing funds received from the imposition of District No. 2's operating mill levy and other unrestricted funds.

**PrairieStar Metropolitan District No. 2 Inclusion Agreement ("Inclusion Agreement")**

On March 27, 2019, the District entered into an Inclusion Agreement with District No. 2 and PrairieStar, Inc. ("Owner"). The Owner owns property within the service area and intends to include approximately 32.0 acres into District No. 2 ("Inclusion Parcels"). Pursuant to the Inclusion Agreement, the Owner agrees to proceed with the inclusion of the Inclusion Parcels within the boundaries of District No. 2 and to proceed with the design and construction of certain public improvements on the Inclusion Parcels, in reliance on the agreement of the District and District No. 2 that the costs incurred by the Owner will be reimbursed by the District under the terms of the FFAA from the proceeds of Bonds to be issued by District No. 2 pursuant to the FFCOA. The Owner acknowledges that upon inclusion of the Inclusion Parcels into District No. 2, such Inclusion Parcels shall be liable for payment of taxes imposed by District No. 2 to pay the obligations of District No. 2, including, but not limited to, the 2016 Bonds and all Bonds issued by District No. 2 in the future.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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On April 26, 2019, the Inclusion Parcels were included within the boundaries of District No. 2 pursuant to a recorded order for inclusion. The Included Parcels and are now subject to all of the taxes and charges imposed by District No. 2 and shall be liable for its proportionate share of existing and future bonded indebtedness of District No. 2. In addition, pursuant to the Inclusion Agreement, the District will reimburse the Owner for costs incurred by the design and construction of certain public improvements.

**Note 7 – Net Position**

The District has a net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, amounting to \$2,285.

Unrestricted net position represents assets that do not have any third party limitations on their use.

The District has a deficit in unrestricted net position. The deficit was the result of the District being responsible for the financing and repayment of debt obligations and advances for the construction of public improvements and operations.

**Note 8 – Related Party**

All of the members of the Board of Directors are employees, officers, owners or are otherwise associated with the Developer of the District and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019**

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**Note 9 – Economic Dependency**

The District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon actions by the Developer to advance funds for operations of the District.

**Note 10 – 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, injuries to employees, or natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "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 general and public officials' liability coverage. In the event aggregate 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.

**Note 11 – 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.

# PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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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.

The District's management believes it is in compliance 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 and qualification as an Enterprise will require judicial interpretation.

On May 6, 2014, the District's electors approved the following ballot issues:

Shall PrairieStar Metropolitan District No. 1 taxes be increased \$38,150,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall PrairieStar Metropolitan District No. 1 taxes be increased \$38,150,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 1**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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Shall PrairieStar Metropolitan District No. 1 be authorized to collect, receive, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, public improvement fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law, covenants or contract to be imposed, collected or received by the District during 2014 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, received, retained and spent by the District?



**SUPPLEMENTARY INFORMATION**

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual
<b>Revenues</b>					
<b>Total Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
Capital					
Management	\$ 7,500	\$ -	\$ -	\$ -	\$ 8,055
Accounting	-	-	-	-	3,148
Legal	10,000	-	-	-	11,024
Engineering	15,000	13,000	12,264	736	26,424
Project Construction	-	3,187,000	3,131,051	55,949	3,843,952
<b>Total Expenditures</b>	32,500	3,200,000	3,143,315	56,685	3,892,603
<b>Excess Expenditures over Revenues</b>	(32,500)	(3,200,000)	(3,143,315)	56,685	(3,892,603)
<b>Other Financing Sources</b>					
Developer Advances	32,500	3,205,000	3,131,051	(73,949)	3,891,698
<b>Net Change in Fund Balance</b>	-	5,000	(12,264)	(17,264)	(905)
<b>Fund Balance - Beginning</b>	-	(4,744)	(4,744)	-	(3,839)
<b>Fund Balance - Ending</b>	\$ -	\$ 256	\$ (17,008)	\$ (17,264)	\$ (4,744)

See the Accompanying Independent Auditor's Report

**PRAIRIESTAR METROPOLITAN  
DISTRICT NO. 2**

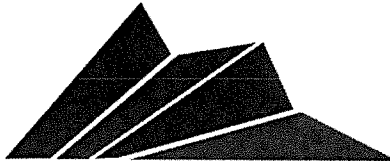
**Financial Statements**

**December 31, 2019**

# PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

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Dazzio & Associates, PC

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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
PrairieStar Metropolitan District No. 2  
Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the PrairieStar Metropolitan District No. 2 as of and for the year ended December 31, 2019, 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 of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112  
303-905-0809 • [info@dazziocpa.com](mailto:info@dazziocpa.com)

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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

***Opinions***

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 the PrairieStar Metropolitan District No. 2, as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PrairieStar Metropolitan District No. 2's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund (the Supplementary Information) and the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected and the Schedule of Debt Service Requirements To Maturity (the Other Information) are presented for purposes of additional analysis and legal compliance and are not a required part of the financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Duggio & Associates, P.C.*

June 18, 2020

## **BASIC FINANCIAL STATEMENTS**

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Investments - Restricted	\$ 1,241,699
Receivable from County Treasurer	1,766
Property Taxes Receivable	492,661
Due from District No. 1	108,600
<b>Total Assets</b>	<u>1,844,726</u>
<b>Liabilities</b>	
Accrued Interest Payable	29,684
Noncurrent Liabilities:	
Due In More Than One Year	<u>6,195,000</u>
<b>Total Liabilities</b>	<u>6,224,684</u>
<b>Deferred Inflows of Resources</b>	
Unavailable Revenue - Property Taxes	<u>492,661</u>
<b>Net Position</b>	
Restricted	
Debt Service	795,143
Unrestricted	<u>(5,667,762)</u>
<b>Total Net Position</b>	<u>\$ (4,872,619)</u>

The notes to the financial statements are an integral part of this statement.



PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

Function/Program Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities			Capital Grants and Contributions	Governmental Activities
Administration	\$ 58,256	\$ -	\$ -	\$ (58,256)
Interest and Related Costs on Long-term Debt	359,966	-	-	(359,966)
Total Governmental Activities	\$ 418,222	\$ -	\$ -	(418,222)
General Revenues:				
				241,113
Property Taxes				20,950
Specific Ownership Taxes				21,429
Unrestricted Investment Earnings				283,492
Total General Revenues				(134,730)
Changes In Net Position				(4,737,889)
Net Position - Beginning				\$ (4,872,619)
Net Position - Ending				

The notes to the financial statements are an integral part of this statement.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 2**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>			
Cash and Investments - Restricted	\$ -	\$ 1,241,699	1,241,699
Receivable from County Treasurer	392	1,374	1,766
Property Taxes Receivable	109,476	383,185	492,661
Due from District No. 1	-	114,069	114,069
Due from Other Funds	5,077	-	5,077
<b>Total Assets</b>	<u>\$ 114,945</u>	<u>\$ 1,740,327</u>	<u>\$ 1,855,272</u>
<b>Liabilities</b>			
Due to District No. 1	\$ 5,469	\$ -	\$ 5,469
Due to Other Funds	-	5,077	5,077
<b>Total Liabilities</b>	<u>5,469</u>	<u>5,077</u>	<u>10,546</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	109,476	383,185	492,661
<b>Fund Balances</b>			
Restricted			
Debt Service	-	1,352,065	1,352,065
<b>Total Fund Balances</b>	<u>-</u>	<u>1,352,065</u>	<u>1,352,065</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 114,945</u>	<u>\$ 1,740,327</u>	<u>\$ 1,855,272</u>

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

December 31, 2019

Total Fund Balances - Governmental Funds \$ 1,352,065

Total net position reported for governmental activities in the statement of  
of net position is different because:

Long-term liabilities applicable to the District's  
governmental activities are not due and  
payable in the current period and accordingly  
are not reported as fund liabilities. All  
liabilities, both current and long-term, are  
reported in the statement of net position.

Balances at December 31, 2019 are:

Bonds Payable	\$ (6,195,000)	
Accrued Interest on Bonds	(29,684)	(6,224,684)

Net Position - Governmental Activities \$ (4,872,619)

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>Revenues</b>			
Property Taxes	\$ 53,579	\$ 187,534	\$ 241,113
Specific Ownership Tax	4,655	16,295	20,950
Net investment income	22	21,407	21,429
<b>Total Revenues</b>	<u>58,256</u>	<u>225,236</u>	<u>283,492</u>
<b>Expenditures</b>			
Current			
Payment to District No. 1	57,184	-	57,184
Treasurer's Fees	1,072	3,753	4,825
Debt Service			
Bond Interest	-	356,213	356,213
<b>Total Expenditures</b>	<u>58,256</u>	<u>359,966</u>	<u>418,222</u>
<b>Net Change in Fund Balances</b>	-	(134,730)	(134,730)
<b>Fund Balances - Beginning</b>	-	1,486,795	1,486,795
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ 1,352,065</u>	<u>\$ 1,352,065</u>

The notes to the financial statements are an integral part of this statement.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual
<b>Revenues</b>					
Property Taxes	\$ 53,817	\$ 54,300	\$ 53,579	\$ (721)	\$ 32,786
Specific Ownership Tax	1,200	4,700	4,655	(45)	2,848
Net investment income	-	-	22	22	47
Miscellaneous Income	1,170	-	-	-	-
<b>Total Revenues</b>	<b>56,187</b>	<b>59,000</b>	<b>58,256</b>	<b>(744)</b>	<b>35,681</b>
<b>Expenditures</b>					
Current					
Payment to District No. 1	53,620	57,920	57,184	736	34,929
Treasurer's Fee	807	1,080	1,072	8	657
Miscellaneous	100	-	-	-	95
Emergency Reserve	1,660	-	-	-	-
<b>Total Expenditures</b>	<b>56,187</b>	<b>59,000</b>	<b>58,256</b>	<b>744</b>	<b>35,681</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 2**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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**Note 1 – Definition of Reporting Entity**

The PrairieStar Metropolitan District No. 2 (the “District”), was originally organized by recorded Order and Decree of the District Court for the County of Larimer on December 8, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District operates under a Service Plan approved by the Town of Berthoud (the “Town”) on July 27, 2010. The District’s service boundaries are located entirely within the Town. The District is one of four related districts: PrairieStar Metropolitan Districts Nos. 1, 2, 3 and 4 (the “Districts”). The Districts entered into a Memorandum of Understanding that defines the various responsibilities of the Districts (see Note 5). As of December 31, 2019, the Districts have the same membership of their respective Boards of Directors.

Pursuant to the Service Plan, the District has the power to provide for the design, acquisition, construction, installation, relocating, redeveloping and financing of certain water, sanitation, storm water, street, traffic and safety protection, transportation, mosquito control, park and recreation, television relay and translator, and fire protection improvements and services.

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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**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. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* 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 revenue are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in 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*. Revenue is 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 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 District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are developer advances. All other revenue items are considered to be measurable and available only when cash is received by the District.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

**General Fund** – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund** – This fund is used to account for the acquisition and construction of the District's major capital facilities.

**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 level and lapses at year end. The District 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.

The District has amended its annual budget for the year ended December 31, 2019.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

**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



PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight method and charged to interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt services expenditures, in both the government-wide statements and fund financial statements.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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**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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.

*Restricted* – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.

*Unrestricted* – the component of net position that does not meet the definitions above.

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. 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 legally or contractually required to be maintained intact.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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*Restricted fund balance* – The portion of fund balances that is constrained to be 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 balance is available for use when an expenditure is incurred, it is the District’s policy to use the most restrictive classification first.

**Note 3 – Cash Deposits and Investments**

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Restricted	<u>\$ 1,241,699</u>
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Cash and investments as of December 31, 2019 consist of the following:

Cash	\$ 18,613
Investments	<u>1,223,086</u>
Total	<u>\$ 1,241,699</u>

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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**Cash Deposits**

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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, 2019, the District's cash deposits had a bank and carrying balance of \$18,613.

**Investments**

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, 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 disclosure requirements or subject to investment custodial credit risk 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.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

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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 US 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, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Morgan Stanley Liquidity Funds Treasury Portfolio	Weighted Average under 60 Days	<u>\$ 1,223,086</u>

The Morgan Stanley Institutional Liquidity Funds Treasury Portfolio (MSILF) invests exclusively in US Treasury Obligations and repurchase agreements fully collateralized by US Treasury Obligations. The MSILF records its investments at amortized cost and the District records its investments in the MSILF at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAM by Standard and Poor's and AAA by Moody's.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

**Note 4 – Long-Term Obligations**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities:</u></b>					
Limited Tax General Obligation					
Bonds, Series 2016	<u>\$ 6,195,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,195,000</u>	<u>\$ -</u>

**General Obligation Bonds**

The District issued \$6,195,000 in Limited Tax General Obligation Bonds, Series 2016, dated August 17, 2016, (the Bonds) with interest at 5.75%, payable semi-annually on June 1 and December 1, beginning on December 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2046, and are subject to redemption prior to maturity, at the option of the District, on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2021, to November 30, 2022	3.00%
December 1, 2022, to November 30, 2023	2.00%
December 1, 2023, to November 30, 2024	1.00%
December 1, 2024, and thereafter	0.00%

The proceeds from the sale of the Bonds were used for the purposes of: (i) paying or reimbursing the costs of capital infrastructure improvements; (ii) providing capitalized interest for the Bonds; (iii) funding a Reserve Fund securing the Bonds; and, (iv) paying costs of issuance of the Bonds.

The Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy, net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys which the District determines to transfer to the Trustee for application as Pledged Revenue.

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 2**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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The Indenture requires that a Required Mill Levy be imposed in an amount sufficient to pay the principal of and interest on the Bonds, but not in excess of 50 mills (subject to adjustment for changes occurring after the date of issuance of the Bonds in the method of calculating assessed valuation) and, for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 35 mills (subject to adjustment in the event of changes to the method of calculating assessed valuation) or such lesser mill levy which, when combined with other Pledged Revenue legally available in the Bond Fund, will permit the District to fully fund the Bond Fund for the next Bond Year and pay the Bonds as they come due, to fund the Reserve Fund up to the Required Reserve, and to fund the Surplus Fund up to the maximum amount. The adjusted Required Mill Levy is 38.964 mills for collection in 2020.

The Bonds are also secured by amounts held in the Reserve Fund, which is to be funded upon issuance of the Bonds in the amount of the Required Reserve equal to \$527,238, and amounts accumulated in the Surplus Fund, if any. The balance in the Reserve Fund account held by the trustee at December 31, 2019, was \$529,615.

Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$619,500. The Surplus Fund shall be maintained as long as the Bonds remain outstanding. At the District's election, amounts on deposit in the Surplus Fund on the final maturity date of the Bonds shall be applied to the payment of the Bonds on such date. The availability of such amount may be taken into account in calculating the Required Mill Levy required to be imposed in December 2045. The District has no obligation to fund the Surplus Fund in any amount. The balance in the Surplus Fund account held by the trustee at December 31, 2019, was \$79,869.

A portion of the proceeds of the Bonds allocated to finance the public improvements for the development in the District, in the amount of \$493,000, will be placed in the Restricted Account of the Project Fund established pursuant to the Indenture, which the District may not access unless certain requirements are satisfied. Upon the Trustee's receipt of a fully executed Certificate of Occupancy from the Town with respect to a Multifamily Building, and in certain cases, a certification from the Engineer, as set forth in the Indenture, the Trustee is required to transfer from the Restricted Account and credit to the Unrestricted Account an amount determined by multiplying the number of Units in the Multifamily Building with respect to which such Certificate of Occupancy is issued by \$5,869. Upon receipt by the Trustee of Certificates of Occupancy with respect to 84 Units and a resolution of the District determining that all Project Costs have been paid, the Trustee is required to transfer any moneys remaining in the Restricted Account of the Project Fund to the Bond Fund for payment of the Bonds. Pursuant to the Indenture, if on April 1, 2021, the Trustee has not received Certificates of Occupancy with respect to 84 Units, then any amounts remaining in the Restricted Account as of such date will not be available to fund or reimburse costs of the Public Improvements and,

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

instead will be used for extraordinary redemption of the Bonds. At December 31, 2019, the balance in the Restricted Project Fund was \$508,005.

The District's long-term obligations on the Bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 356,212	\$ 356,212
2021	25,000	356,212	381,212
2022	65,000	354,775	419,775
2023	70,000	351,038	421,038
2024	85,000	347,013	432,013
2025-2029	555,000	1,652,838	2,207,838
2030-2034	865,000	1,460,214	2,325,214
2035-2039	1,265,000	1,167,826	2,432,826
2040-2044	1,820,000	744,337	2,564,337
2045-2046	1,445,000	140,874	1,585,874
	<u>\$ 6,195,000</u>	<u>\$ 6,931,339</u>	<u>\$ 13,126,339</u>

**Authorized Debt**

On November 2, 2010 and on May 6, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$915,600,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount Authorized on November 2, 2010</u>	<u>Amount Authorized on May 6, 2014</u>	<u>Series 2016 Limited Tax General Obligation Bonds</u>	<u>Authorized but Unissued at December 31, 2019</u>
Streets	\$ 38,150,000	\$ 38,150,000	\$ 2,676,445	\$ 73,623,555
Parks and Recreation	38,150,000	38,150,000	37,170	76,262,830
Water	38,150,000	38,150,000	2,019,570	74,280,430
Sanitation/Storm Sewer	38,150,000	38,150,000	1,455,825	74,844,175
Transportation	38,150,000	38,150,000	-	76,300,000
Mosquito Control	38,150,000	38,150,000	-	76,300,000
Traffic and Safety Protection	38,150,000	38,150,000	-	76,300,000
Fire Protection and EMR	38,150,000	38,150,000	5,990	76,294,010
Television Relay and Translation	38,150,000	38,150,000	-	76,300,000
Operations and Maintenance	38,150,000	38,150,000	-	76,300,000
Debt Refundings	38,150,000	38,150,000	-	76,300,000
Intergovernmental Agreements	38,150,000	38,150,000	-	76,300,000
	<u>\$ 457,800,000</u>	<u>\$ 457,800,000</u>	<u>\$ 6,195,000</u>	<u>\$ 909,405,000</u>

The Service Plan limits the District to issuing \$38,150,000 in debt.



PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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**Note 5 – Intergovernmental Agreements**

**Intergovernmental Agreement with the Town**

On December 14, 2010, the District entered into an Intergovernmental Agreement (“Agreement”) with the Town whereby the District agreed to various restrictions and notification requirements related to areas such as District dissolution, tax or fee impositions, bond issuances, boundary expansions and service expansions.

**Memorandum of Understanding**

A Memorandum of Understanding was entered into on December 14, 2010 by and among the District, District No. 1, District No. 3 and District No. 4 (“MOU”). Under the Service Plan, the Districts are required to work together and coordinate their efforts with respect to all activities contemplated in the Service Plan including but not limited to the management and administration of the Districts, the provision of essential services by the Districts, and the financing, construction, operation and maintenance of public improvements.

The MOU acknowledges that PrairieStar Metropolitan District No. 1 (District No. 1) shall provide for the financing, construction, design, operation and maintenance of the public improvements, as well as the overall administration of the Districts and further acknowledges that District No. 1 has the authority to enter into agreement(s) and other obligations with the Developer of the property to provide for the financing of such services. The MOU acknowledges that the Districts will enter into a Facilities, Funding, Construction and Operations Agreement detailing such services (“FFCOA”). The MOU also provides that the FFCOA shall provide for the District, District No. 3 and District No. 4 to remit revenues to District No. 1 for all costs incurred by District No. 1 pursuant to the MOU based on an allocable basis to be set forth in the FFCOA.

**Facilities, Funding, Construction and Operations Agreement (“FFCOA”)**

On December 9, 2014, with an effective date of December 5, 2013, the District entered into a FFCOA with District No. 1. Pursuant to the FFCOA, District No. 1 serves as the Operating District which will operate, maintain, finance and construct (including funding thereof) certain of the Public Improvements and the Taxing District will contribute to the costs of construction, operation, management and maintenance of such Public Improvements. The District serves as the Taxing District. As of the Effective Date of this Agreement, District No. 3 and District No. 4 continue to be inactive. Consistent with the terms of the MOU, the Districts intend for District No. 3 and District No. 4 to also be parties to this Agreement and therefore, at such time as District No. 3 and District No. 4 each become active, this Agreement will be presented to District No. 3 and District No. 4 for consideration and they will each be given the opportunity to

## PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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become a party to this Agreement, and until such time, the MOU shall continue to govern the rights and obligations with respect to District No. 3 and District No. 4.

On August 3, 2016, the FFCOA was amended and restated ("Amended FFCOA") to recognize the Taxing District's issuance of Bonds and to reflect the changed debt structure of the Districts. Pursuant to the Amended FFCOA, either of the Districts may issue bonds for the construction, acquisition, or reimbursement of costs. Each District that determines to issue Bonds hereunder the proceeds of which will be utilized for Public Improvements shall be an "Issuing District". Each Taxing District anticipates receiving revenue from the imposition of a mill levy against all property within its respective boundaries and specific ownership taxes, and, if imposed or assessed at the direction of the Operating District, the collection of fees, charges, rates and tolls. All revenue received by the Taxing District will be transferred to the Operating District. However, if the Taxing District is the Issuing District and if the Taxing District pledges its debt service mill levy, specific ownership taxes attributable to such mill levy and other revenue of the Taxing District to the repayment of the Bond Requirements related to its Bonds, the Taxing District shall not be required to transfer the Taxing District Pledged Revenue to the Operating District.

Upon District No. 3's return to active status on March 28, 2018, District No. 1, District No. 2 and District No. 3 entered into a Second Amended and Restated FFCOA, effective March 28, 2018 in order to add District No. 3 as a party.

During the year ending December 31, 2019, \$57,184 was transferred to District No. 1, representing funds received from the imposition of the District's operating mill levy and other unrestricted funds.

#### **PrairieStar Metropolitan District No. 2 Inclusion Agreement ("Inclusion Agreement")**

On March 27, 2019, the District entered into an Inclusion Agreement with District No. 1 and PrairieStar, Inc. ("Owner"). The Owner owns property within the service area and intends to include approximately 32.0 acres into the District ("Inclusion Parcels"). Pursuant to the Inclusion Agreement, the Owner agrees to proceed with the inclusion of the Inclusion Parcels within the boundaries of the District and to proceed with the design and construction of certain public improvements on the Inclusion Parcels, in reliance on the agreement of District No. 1 and the District that the costs incurred by the Owner will be reimbursed by District No. 1 under the terms of the Facilities Funding and Acquisition Agreement, as amended, from the proceeds of Bonds to be issued by the District pursuant to the FFCOA. The Owner acknowledges that upon inclusion of the Inclusion Parcels into the District, such Inclusion Parcels shall be liable for payment of taxes imposed by the District to pay the obligations of the District, including, but not limited to, the 2016 Bonds and all Bonds issued by the District in the future.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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On April 26, 2019, the Inclusion Parcels were included within the boundaries of the District pursuant to a recorded order for inclusion. The Included Parcels and are now subject to all of the taxes and charges imposed by the District and shall be liable for its proportionate share of existing and future bonded indebtedness of the District. In addition, pursuant to the Inclusion Agreement, District No. 1 will reimburse the Owner for costs incurred by the design and construction of certain public improvements.

**Note 6 – Net Position**

The District has a net position consisting of two components – restricted and unrestricted.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, amounting to \$795,143.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

The District has a deficit in unrestricted net position. The deficit is a result of the District being responsible for the repayment of bonds issued for public improvements which were constructed by other governmental entities.

**Note 7 – Related Party**

All of the members of the Board of Directors are employees, officers, owners or are otherwise associated with the Developer of the District and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

**Note 8 – 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, injuries to employees, or natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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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 general and public officials' liability coverage. In the event aggregate 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.

**Note 9 – 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. The District transfers its net operating revenue to District No. 1 pursuant to the Amended FFCOA. Therefore, the Emergency Reserves related to the District's revenues are captured in District No. 1.

The District's management believes it is in compliance 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 and qualification as an Enterprise will require judicial interpretation.

On May 6, 2014, the District's electors approved the following ballot issues:

Shall PrairieStar Metropolitan District No. 2 taxes be increased \$38,150,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses and shall the

**PRAIRIESTAR METROPOLITAN DISTRICT NO. 2**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall PrairieStar Metropolitan District No. 2 taxes be increased \$38,150,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall PrairieStar Metropolitan District No. 2 be authorized to collect, receive, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, public improvement fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law, covenants or contract to be imposed, collected or received by the District during 2014 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, received, retained and spent by the District?

**SUPPLEMENTARY INFORMATION**

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual
<b>Revenues</b>				
Property Taxes	\$ 188,367	\$ 187,534	\$ (833)	\$ 114,758
Specific Ownership Tax	4,002	16,295	12,293	9,965
Net investment income	2,000	21,407	19,407	18,001
<b>Total Revenues</b>	<b>194,369</b>	<b>225,236</b>	<b>30,867</b>	<b>142,724</b>
<b>Expenditures</b>				
Debt Service				
Payment to District No. 1				
Bond Interest	356,213	356,213	-	356,213
Paying Agent Fees	-	-	-	3,000
Treasurer's Fees	3,767	3,753	14	2,295
<b>Total Expenditures</b>	<b>359,980</b>	<b>359,966</b>	<b>14</b>	<b>361,508</b>
<b>Net Change in Fund Balance</b>	<b>(165,611)</b>	<b>(134,730)</b>	<b>30,881</b>	<b>(218,784)</b>
<b>Fund Balance - Beginning</b>	<b>1,470,779</b>	<b>1,486,795</b>	<b>16,016</b>	<b>1,705,579</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,305,168</b>	<b>\$ 1,352,065</b>	<b>\$ 46,897</b>	<b>\$ 1,486,795</b>

See the Accompanying Independent Auditor's Report

**OTHER INFORMATION**



**PRAIRIESTAR METROPOLITAN DISTRICT NO. 2**

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2019**

**\$6,195,000 Limited Tax General Obligation Bonds, Series 2016  
Dated August 17, 2016  
Interest Rate: 5.75%  
Interest Payable June 1, December 1  
Principal Due December 1**

Year	Principal	Interest	Total
2020	\$ -	\$ 356,212	\$ 356,212
2021	25,000	356,212	381,212
2022	65,000	354,775	419,775
2023	70,000	351,038	421,038
2024	85,000	347,013	432,013
2025	90,000	342,125	432,125
2026	100,000	336,950	436,950
2027	110,000	331,200	441,200
2028	125,000	324,875	449,875
2029	130,000	317,688	447,688
2030	145,000	310,213	455,213
2031	155,000	301,875	456,875
2032	175,000	292,963	467,963
2033	185,000	282,900	467,900
2034	205,000	272,263	477,263
2035	215,000	260,475	475,475
2036	235,000	248,113	483,113
2037	250,000	234,600	484,600
2038	275,000	220,225	495,225
2039	290,000	204,413	494,413
2040	315,000	187,738	502,738
2041	335,000	169,625	504,625
2042	365,000	150,362	515,362
2043	385,000	129,375	514,375
2044	420,000	107,237	527,237
2045	440,000	83,087	523,087
2046	1,005,000	57,787	1,062,787
	<u>\$ 6,195,000</u>	<u>\$ 6,931,339</u>	<u>\$ 13,126,339</u>

PRAIRIESTAR METROPOLITAN DISTRICT NO. 2

SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND  
PROPERTY TAXES COLLECTED

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2015	2016	\$ 780,226	10.000	35.000	45.000	\$ 35,110	\$ 35,110	100.00%
2016	2017	1,279,993	10.000	35.000	45.000	57,600	57,600	100.00%
2017	2018	2,965,759	11.055	38.694	49.749	147,544	147,544	100.00%
2018	2019	4,868,126	11.055	38.694	49.749	242,184	241,113	99.56%

Estimated for the  
year ending  
December 31,  
2020

\$ 9,834,341 11.132 38.964 50.096 \$ 492,661

**Note:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**Source:** Larimer County Assessor and Treasurer.

# APPLICATION FOR EXEMPTION FROM AUDIT

## SHORT FORM

NAME OF GOVERNMENT  
ADDRESS

PrairieStar Metropolitan District No. 3  
141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228

For the Year Ended  
12/31/19  
or fiscal year ended:

CONTACT PERSON  
PHONE  
EMAIL  
FAX

Peggy Ripko  
(303) 987-0835  
PRipko@sdmsi.com

### PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:  
TITLE  
FIRM NAME (if applicable)  
ADDRESS  
PHONE  
DATE PREPARED

Diane K Wheeler  
District Accountant  
Simmons & Wheeler, P.C.  
304 Inverness Way South, Suite 490, Englewood, CO 80112  
303-689-0833  
Mar 30, 2020

### PREPARER (SIGNATURE REQUIRED)

  
Diane Wheeler (Mar 30, 2020)

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

**GOVERNMENTAL**  
(MODIFIED ACCRUAL BASIS)

**PROPRIETARY**  
(CASH OR BUDGETARY BASIS)

## PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ 1	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 1	

## PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24	Transfer to PrairieStar MD #1	\$ 1	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 1	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

## PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-2	Is the debt repayment schedule attached? If no, MUST explain: N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-3	Is the entity current in its debt service payments? If no, MUST explain: N/A	<input type="checkbox"/>	<input type="checkbox"/>
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts) (enter all amount as positive numbers)		
	Outstanding at end of prior year*	Issued during year	Retired during year
	Outstanding at year-end		
	General obligation bonds	\$ -	\$ -
	Revenue bonds	\$ -	\$ -
	Notes/Loans	\$ -	\$ -
	Leases	\$ -	\$ -
	Developer Advances	\$ -	\$ -
	Other (specify):	\$ -	\$ -
	TOTAL	\$ -	\$ -

\*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-5	Does the entity have any authorized, but unissued, debt?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much? Date the debt was authorized:		
	\$ 38,150,000.00 11/2/2010		
4-6	Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	How much?		
	\$ -		
4-7	Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is the amount outstanding?		
	\$ -		
4-8	Does the entity have any lease agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is being leased? What is the original date of the lease? Number of years of lease?		
	Is the lease subject to annual appropriation?	<input type="checkbox"/>	<input type="checkbox"/>
	What are the annual lease payments?		
	\$ -		

Please use this space to provide any explanations or comments.

## PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2	Certificates of deposit	\$ -	
	<b>Total Cash Deposits</b>		\$ -
	Investments (if investment is a mutual fund, please list underlying investments)		
		\$ -	
		\$ -	
		\$ -	
5-3	<b>Total Investments</b>		\$ -
	<b>Total Cash and Investments</b>		\$ -

Please answer the following questions by marking in the appropriate boxes

		Yes	No	N/A
5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

## PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

- 6-1 Does the entity have capital assets?  Yes       No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-606, C.R.S.,? If no, MUST explain:  Yes       No

6-3 Complete the following capital assets table:

	Balance - beginning of the year	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Please use this space to provide any explanations or comments:

## PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

- 7-1 Does the entity have an "old hire" firemen's pension plan?  Yes       No
- 7-2 Does the entity have a volunteer firemen's pension plan?  Yes       No
- If yes: Who administers the plan?  Yes       No

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
<b>TOTAL</b>	<b>\$ -</b>

What is the monthly benefit paid for 20 years of service per retiree as of Jan

\$ -
------

Please use this space to provide any explanations or comments:

## PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No                      N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?  Yes       No       N/A
- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:  Yes       No       N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ 604
Debt Service Fund	\$ -

## PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box.

Yes      No

- 9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?  
 Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, **MUST** explain:

## PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes      No

- 10-1** Is this application for a newly formed governmental entity?

If yes: Date of formation:

- 10-2** Has the entity changed its name in the past or current year?

If yes: Please list the NEW name & PRIOR name:

- 10-3** Is the entity a metropolitan district?

Please indicate what services the entity provides:  
 Financing for the design, acquisition, construction and installation of streets, lighting, traffic and safety controls, sewer improvements, landscaping

- 10-4** Does the entity have an agreement with another government to provide services?

If yes: List the name of the other governmental entity and the services provided:

- 10-5** Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during

If yes: Date Filed:

- 10-6** Does the entity have a certified Mill Levy?

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	25.000
General/Other mills	10.000
<b>Total mills</b>	<b>35.000</b>

Please use this space to provide any explanations or comments:

## PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

### Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

#### Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

**The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:**

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
  - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
  - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.



Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Jennifer Davis	I <u>Jennifer Davis</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2020</u>
Board Member 2	Scott Sarbaugh	I <u>Scott Sarbaugh</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>SS</u> _____ Date: <u>Mar 31, 2020</u> My term Expires: <u>May 2022</u>
Board Member 3	Richard McCabe	I <u>Richard McCabe</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2022</u>
Board Member 4	Neil Almy	I <u>Neil Almy</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Neil Almy</u> _____ Date: <u>Mar 31, 2020</u> My term Expires: <u>May 2022</u>
Board Member 5	Kathy Sidney	I <u>Kathy Sidney</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kathy Sidney</u> _____ Date: <u>Mar 31, 2020</u> My term Expires: <u>May 2020</u>
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

# APPLICATION FOR EXEMPTION FROM AUDIT

## SHORT FORM

NAME OF GOVERNMENT  
ADDRESS

PrairieStar Metropolitan District No. 4
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228

For the Year Ended  
12/31/19  
or fiscal year ended:

CONTACT PERSON  
PHONE  
EMAIL  
FAX

Peggy Ripko
(303) 987-0835
PRipko@sdmsi.com

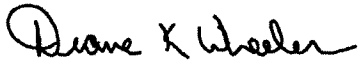
### PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:  
TITLE  
FIRM NAME (if applicable)  
ADDRESS  
PHONE  
DATE PREPARED

Diane Wheeler
District Accountant
Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490, Englewood, CO 80112
303-689-0833
3/29/2020

### PREPARER (SIGNATURE REQUIRED)



Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

**GOVERNMENTAL**  
(MODIFIED ACCRUAL BASIS)

**PROPRIETARY**  
(CASH OR BUDGETARY BASIS)

## PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	<b>(add lines 2-1 through 2-23) TOTAL REVENUE</b>	\$ -	

## PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24	Transfer to PrairieStar MD #1	\$ -	
3-25		\$ -	
3-26	<b>(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES</b>	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

## PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

Yes                      No

4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input type="checkbox"/>	
4-2	Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; min-height: 20px;">N/A</div>	<input type="checkbox"/>	<input type="checkbox"/>	
4-3	Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; min-height: 20px;">N/A</div>	<input type="checkbox"/>	<input type="checkbox"/>	
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)			
	General obligation bonds	\$ -	\$ -	\$ -
	Revenue bonds	\$ -	\$ -	\$ -
	Notes/Loans	\$ -	\$ -	\$ -
	Leases	\$ -	\$ -	\$ -
	Developer Advances	\$ -	\$ -	\$ -
	Other (specify):	\$ -	\$ -	\$ -
	<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

Yes                      No

4-5	Does the entity have any authorized, but unissued, debt?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes:	How much? <div style="border: 1px solid black; padding: 2px; width: 80%;">\$ 419,650,000.00</div>			
Date the debt was authorized:	<div style="border: 1px solid black; padding: 2px; width: 80%;">5/6/2014</div>			
4-6	Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes:	How much? <div style="border: 1px solid black; padding: 2px; width: 80%;">\$ -</div>			
4-7	Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes:	What is the amount outstanding? <div style="border: 1px solid black; padding: 2px; width: 80%;">\$ -</div>			
4-8	Does the entity have any lease agreements?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes:	What is being leased? <div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>			
	What is the original date of the lease? <div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>			
	Number of years of lease? <div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>			
	Is the lease subject to annual appropriation?	<input type="checkbox"/>	<input type="checkbox"/>	
	What are the annual lease payments? <div style="border: 1px solid black; padding: 2px; width: 80%;">\$ -</div>			

Please use this space to provide any explanations or comments:

## PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

Amount                      Total

5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2	Certificates of deposit	\$ -	
	<b>Total Cash Deposits</b>		\$ -
	Investments (if investment is a mutual fund, please list underlying investments)		
	<div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>	\$ -	
5-3	<div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>	\$ -	
	<div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>	\$ -	
	<div style="border: 1px solid black; padding: 2px; width: 80%; height: 15px;"></div>	\$ -	
	<b>Total Investments</b>		\$ -
	<b>Total Cash and Investments</b>		\$ -

Please answer the following questions by marking in the appropriate boxes

Yes                      No                      N/A

5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

## PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

- 6-1 Does the entity have capital assets?
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain:

Complete the following capital assets table.	Balance - beginning of the year	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Please use this space to provide any explanations or comments:

## PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

- 7-1 Does the entity have an "old hire" firemen's pension plan?
- 7-2 Does the entity have a volunteer firemen's pension plan?

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
<b>TOTAL</b>	<b>\$ -</b>
What is the monthly benefit paid for 20 years of service per retiree as of Jan	\$ -

Please use this space to provide any explanations or comments:

## PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No                      N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ 50,000

## PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes                      No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?                      

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 5 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

## PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes                      No

10-1 Is this application for a newly formed governmental entity?                      

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?                      

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?                      

Please indicate what services the entity provides:

Financing for the design, acquisition, construction and installation of streets, lighting, traffic and safety controls, sewer improvements, landscaping

10-4 Does the entity have an agreement with another government to provide services?                      

If yes: List the name of the other governmental entity and the services provided:

10-5 Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during

If yes: Date Filed:

10-6 Does the entity have a certified Mill Levy?                      

If yes:

Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

## PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

### Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

#### Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
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The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
  - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
  - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Jennifer Davis	I <u>Jennifer Davis</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2020</u>
Board Member 2	Scott Sarbaugh	I <u>Scott Sarbaugh</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>SS</u> _____ Date: <u>Mar 31, 2020</u> _____ My term Expires: <u>May 2022</u>
Board Member 3	Richard McCabe	I <u>Richard McCabe</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2022</u>
Board Member 4	Neil Almy	I <u>Neil Almy</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Neil Almy</u> _____ Date: <u>Mar 31, 2020</u> _____ My term Expires: <u>May 2022</u>
Board Member 5	Kathy Sidney	I <u>Kathy Sidney</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kathy Sidney</u> _____ Date: <u>Mar 31, 2020</u> _____ My term Expires: <u>May 2020</u>
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____