



Certified Public Accountants and Business Consultants

Accountant's Compilation Report

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

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of PrairieStar Metropolitan District No. 1 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, the actual comparative information for the year ending December 31, 2016, and the adopted budget for the year ending December 31, 2017 in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the Budget Message included in the budget submission to the State of Colorado which describes that the budgetary basis of accounting is the modified accrual basis in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to PrairieStar Metropolitan District No. 1.

Barnes Griggs & Associates, PC

Lakewood, Colorado
January 11, 2018

Barnes Griggs & Associates, PC

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1
Assessed Value, Property Tax and Mill Levy Information

2016 Actual	2017 Adopted Budget	2018 Adopted Budget
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Assessed Valuation	\$	10	\$	10	\$	10
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Mill Levy

General Fund	15.000	10.000	11.055
Debt Service Fund	30.000	35.000	38.694
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-

Total Mill Levy	45.000	45.000	49.749
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Property Taxes

General Fund	\$	-	\$	-	\$	-
Debt Service Fund		-		-		-
Temporary Mill Levy Reduction		-		-		-
Refunds and Abatements		-		-		-

Actual/Budgeted Property Taxes	\$	-	\$	-	\$	-
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PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

**GENERAL FUND
2018 Adopted Budget
with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated**

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ 6,394	\$ 1,042	\$ 6,418	\$ -
REVENUE				
Transfer Fees	1,600	-	1,725	1,800
Landscape Review Fees	350	-	750	750
Developer Advance	64,353	47,715	61,325	41,833
Miscellaneous Income	-	-	633	-
Transfer from District No. 2	8,406	13,144	13,144	32,210
Transfer from Capital Projects	-	1,491	-	-
Total Revenue	74,709	62,350	77,577	76,593
Total Funds Available	81,103	63,392	83,995	76,593
EXPENDITURES				
Accounting	7,476	2,800	5,200	5,500
Audit	6,781	6,800	6,800	6,800
Election	1,171	-	-	2,000
Insurance/SDA Dues	7,024	7,250	7,250	7,250
Legal	12,957	4,000	4,000	5,000
Statutory Compliance	79	-	-	-
Management	9,843	4,800	5,000	8,000
Miscellaneous	7,807	6,000	6,000	6,000
Covenant Control Enforcement	21,548	10,000	27,000	20,000
Contingency	-	19,871	17,504	12,000
Legal - Covenant Enforcement	-	-	3,000	3,000
Total Expenditures	74,685	61,521	81,754	75,550
Transfers and Other Uses				
Emergency Reserve	-	1,871	2,241	1,043
Total Expenditures Requiring Appropriation	74,685	63,392	83,995	76,593
ENDING FUND BALANCE	\$ 6,418	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and budget message.

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

**CAPITAL PROJECTS FUND
2018 Adopted Budget
with 2016 Actual, 2017 Adopted Budget and 2017 Estimated**

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ 25,891	\$ -	\$ -
REVENUE				
Developer Advance	64,546	-	37,150	36,700
Transfer from District 2	3,755,968	-	-	-
Total Revenue	3,820,514	-	37,150	36,700
Total Funds Available	3,820,514	25,891	37,150	36,700
EXPENDITURES				
Accounting	11,214	4,200	7,750	8,000
Legal	21,258	6,000	6,100	6,200
Management	16,765	7,200	7,500	7,500
Covenant Control	1,260	-	-	-
Developer Reimb Principal	3,154,564	-	-	-
Developer Reimb Interest	601,404	-	-	-
Engineering	14,049	7,000	15,800	15,000
Transfer to General Fund	-	1,491	-	-
Total Expenditures	3,820,514	25,891	37,150	36,700
Total Expenditures Requiring Appropriation	3,820,514	25,891	37,150	36,700
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

PRAIRIESTAR METROPOLITAN DISTRICT NO. 1

2018 Budget Message

Introduction

The District is located in the Town of Berthoud, Larimer County, Colorado. The District was organized in 2010 pursuant to the Special District Act and in conjunction with three other metropolitan districts, PrairieStar Metropolitan District No. 2 (“District No. 2”), PrairieStar Metropolitan District No. 3 (“District No. 3”) and PrairieStar Metropolitan District No. 4 (“District No. 4”) (together, the District, District No. 2, District No. 3 and District No. 4 are referred to herein as the “Districts”). It is anticipated that the Districts will each function as a separate district, but will work in cooperation to service the Project (as defined in the Service Plans). The Districts will be responsible for developing, managing, financing, acquiring, constructing, and the operation and maintenance of certain improvements as generally described in the Service Plan, to serve the future taxpayers and inhabitants of the Service Area (as defined in the District’s Service Plan), except as specifically limited in Section V of the District’s Service Plan.

The 2018 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2018 fiscal year based on available revenues. This budget provides for Capital Improvements and the general operation of the PrairieStar Metropolitan District No. 1 (“District”). The District is dependent upon advances from the developer to be able to meet these obligations.

The Board of Directors authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”). The Gallagher Adjustment and the District’s Service Plan authorize an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property. The Gallagher Adjustment for the District allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

The District’s assessed value is \$10 in 2017 for the 2018 budget year. The District’s mill levy is 49.749 mills certified for taxes to be collected in the 2018 fiscal year, with 11.055 mills dedicated to the General Fund and 38.694 mills dedicated to the Debt Service Fund.

Budgetary Basis of Accounting

The District uses fund accounting to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid

financial management by segregating transactions related to certain governmental functions. The various funds comprise the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership taxes, and expenditures which include District administration, legal services, and other expenses related to statutory operations of a local government. The District's primary source of operating revenue for 2018 is from developer advances and transfers of available operating revenue from District No. 2.

The **Capital Projects Fund** is used to account for revenues and expenditures to complete capital projects such as new improvements. There are minimal expenditures in capital projects for 2018.

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution ("TABOR"), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.