

PRAIRIE FARM METROPOLITAN DISTRICT

**ANNUAL REPORT
TO
THE CITY OF COMMERCE CITY**

FISCAL YEAR ENDING DECEMBER 31, 2021

I. ANNUAL REPORT REQUIREMENT

Pursuant to Section VI of the Prairie Farm Metropolitan District Service Plan, the District is required to provide an annual report to the City of Commerce City within one hundred twenty (120) days after conclusion of the District's fiscal year, commencing with fiscal year 2007. Such annual report shall include information concerning the following matters:

- A. Boundary changes made or proposed.
- B. Intergovernmental Agreements entered into or proposed.
- C. Changes or proposed changes in the District's policies.
- D. Changes or proposed changes in the District's operations.
- E. Any changes in the financial status of the District including revenue projections, or operating costs.
- F. A summary of any litigation involving the District.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Status of construction of public improvements.
- I. The current assessed valuation in the District.

II. FOR THE YEAR ENDING DECEMBER 31, 2021 THE DISTRICT MAKES THE FOLLOWING REPORT:

- A. Boundary changes made or proposed.

There were no changes made or proposed to the District's boundaries in 2021.

- B. Intergovernmental Agreements entered into or proposed.

No were no new Intergovernmental Agreements entered into or proposed in 2021.

- C. Changes or proposed changes in the District's policies.

There were no changes made or proposed to the District's policies in 2021.

D. Changes or proposed changes in the District's operations.

There were no changes made or proposed to the District's operations in 2021.

E. Any changes in the financial status of the District including revenue projections, or operating costs.

The current status of the financial condition of the District is reflected in the 2022 budget, attached as Exhibit A.

F. A summary of any litigation which involves the District.

There is no other litigation, of which we are aware, currently pending or anticipated against the District.

G. Proposed plans for the year immediately following the year summarized in the annual report.

The District does not intend to construct and/or acquire any public improvements in 2022.

H. Status of construction of public improvements.

Public improvements are 100% completed for all of Prairie Farm.

I. The current assessed valuation in the District.

The District has received a certification of valuation from the Adams County Assessor that reports a taxable assessed valuation for the District for 2021 of \$9,976,160. The District has certified a mill levy of 66.663 mills to be assessed against the properties within the District, for collection in 2022.

**EXHIBIT A
2022 BUDGET
ATTACHED**

**PRAIRIE FARM METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022**

**PRAIRIE FARM METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 1,854,891	\$ 1,593,369	\$ 1,227,039
REVENUES			
Property taxes	235,907	461,602	665,041
Specific ownership tax	17,313	19,406	46,553
Interest income	14,184	1,255	1,384
Developer advance	15,000	-	-
Total revenues	<u>282,404</u>	<u>482,263</u>	<u>712,978</u>
Total funds available	<u>2,137,295</u>	<u>2,075,632</u>	<u>1,940,017</u>
EXPENDITURES			
General Fund	50,396	44,000	110,000
Debt Service Fund	493,530	804,593	595,496
Total expenditures	<u>543,926</u>	<u>848,593</u>	<u>705,496</u>
Total expenditures and transfers out requiring appropriation	<u>543,926</u>	<u>848,593</u>	<u>705,496</u>
ENDING FUND BALANCES	<u>\$ 1,593,369</u>	<u>\$ 1,227,039</u>	<u>\$ 1,234,521</u>
EMERGENCY RESERVE	\$ 1,300	\$ 2,400	\$ 3,600
SENIOR RESERVE REQUIREMENT	784,112	784,112	784,112
CAPITALIZED INTEREST RESERVE	487,725	-	-
SURPLUS FUND RESERVE	-	385,000	385,000
AVAILABLE FOR FUTURE DEBT SERVICE	299,031	-	-
TOTAL RESERVE	<u>\$ 1,572,168</u>	<u>\$ 1,171,512</u>	<u>\$ 1,172,712</u>

No assurance provided. See summary of significant assumptions.

**Prairie Farm Metropolitan District
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
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ASSESSED VALUATION

Residential	\$ 122,290	\$ 3,011,510	\$ 7,889,240
State assessed	1,100	2,410	1,200
Vacant land	3,394,550	4,749,740	1,936,460
Personal property	20,860	120,440	149,260
Certified Assessed Value	\$ 3,538,800	\$ 7,884,100	\$ 9,976,160

MILL LEVY

General	11.000	11.000	11.000
Debt Service	55.663	55.663	55.663
Total mill levy	66.663	66.663	66.663

PROPERTY TAXES

General	\$ 38,927	\$ 86,725	\$ 109,738
Debt Service	196,980	438,853	555,303
Levied property taxes	235,907	525,578	665,041
Refunds and abatements	-	(63,976)	-
Budgeted property taxes	\$ 235,907	\$ 461,602	\$ 665,041

BUDGETED PROPERTY TAXES

General	\$ 38,927	\$ 76,169	\$ 109,738
Debt Service	196,980	385,433	555,303
	\$ 235,907	\$ 461,602	\$ 665,041

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 16,079	\$ 22,501	\$ 57,927
REVENUES			
Property taxes	38,927	76,169	109,738
Specific ownership tax	2,857	3,202	7,682
Interest income	34	55	62
Developer advance	15,000	-	-
Total revenues	<u>56,818</u>	<u>79,426</u>	<u>117,482</u>
Total funds available	<u>72,897</u>	<u>101,927</u>	<u>175,409</u>
EXPENDITURES			
General and administrative			
Accounting	22,664	25,000	27,500
Auditing	5,325	5,725	6,300
County Treasurer's fee	584	1,301	1,646
Dues and licenses	305	305	500
Insurance and bonds	2,410	2,467	2,600
Legal services	18,676	8,000	15,000
Miscellaneous	-	1,202	1,000
Election expense	432	-	1,000
Repay developer advance	-	-	50,000
Contingency	-	-	4,454
Total expenditures	<u>50,396</u>	<u>44,000</u>	<u>110,000</u>
Total expenditures and transfers out requiring appropriation	<u>50,396</u>	<u>44,000</u>	<u>110,000</u>
ENDING FUND BALANCE	<u>\$ 22,501</u>	<u>\$ 57,927</u>	<u>\$ 65,409</u>
EMERGENCY RESERVE	\$ 1,300	\$ 2,400	\$ 3,600
TOTAL RESERVE	<u>\$ 1,300</u>	<u>\$ 2,400</u>	<u>\$ 3,600</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 1,838,812	\$ 1,570,868	\$ 1,169,112
REVENUES			
Property taxes	196,980	385,433	555,303
Specific ownership tax	14,456	16,204	38,871
Interest income	14,150	1,200	1,322
Total revenues	<u>225,586</u>	<u>402,837</u>	<u>595,496</u>
Total funds available	<u>2,064,398</u>	<u>1,973,705</u>	<u>1,764,608</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	2,955	6,583	8,330
Debt Service			
Bond interest - 2018A	487,725	487,725	487,725
Bond interest - 2018B	-	306,285	95,441
Paying agent fees	2,850	4,000	4,000
Total expenditures	<u>493,530</u>	<u>804,593</u>	<u>595,496</u>
Total expenditures and transfers out requiring appropriation	<u>493,530</u>	<u>804,593</u>	<u>595,496</u>
ENDING FUND BALANCE	<u>\$ 1,570,868</u>	<u>\$ 1,169,112</u>	<u>\$ 1,169,112</u>
SENIOR RESERVE REQUIREMENT	\$ 784,112	\$ 784,112	\$ 784,112
CAPITALIZED INTEREST RESERVE	487,725	-	-
SURPLUS FUND RESERVE	-	385,000	385,000
AVAILABLE FOR FUTURE DEBT SERVICE	299,031	-	-
TOTAL RESERVE	<u>\$ 1,570,868</u>	<u>\$ 1,169,112</u>	<u>\$ 1,169,112</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by Order and Decree of the District Court of Adams County, Colorado on May 18, 2006, to provide financing for design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, sewer and drainage facilities, public transportation, mosquito control, and television relay and translation equipment, and the operation and maintenance of the District. The District's service area is located entirely within the City of Commerce City, Adams County, Colorado.

The budget is in accordance with the TABOR Amendment limitations, which were modified by the voters in an election held on May 2, 2006. The election approved general obligation indebtedness of \$4,300,000 for the streets, \$500,000 for the traffic and safety controls, \$24,600,000 for water, \$22,960,000 for sanitary and storm sewer, \$ 16,400,000 for park and recreation, \$500,000 for public transportation, \$4,100,000 for television relay and translator, \$4,100,000 for mosquito control, \$500,000 for operations and maintenance contracts, and \$14,100,000 for bond refunding. Additionally, the election allows the District to collect, spend, and retain all revenues, other than ad valorem taxes, without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. On November 7, 2006, District voters approved authorization to increase property taxes \$800,000 annually to pay for the operation and maintenance expenditure of The District, again allowing the District to collect, spend retain all revenues, other than ad valorem taxes, without regard to the limitation contained in Article X, Section 20 of the Colorado constitution.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally 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.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**PRAIRIE FARM METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Specific Ownership Taxes

Specific Ownership Taxes are set by the state and collected by the county Treasurer, primarily on vehicle licensing within the county as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 0.10%

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking and meeting costs.

County Treasurer's Fees

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

Debt and Leases

The District has outstanding the following bond issues:

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2018A. On September 13, 2018, the District issued \$9,290,000 of Tax Exempt General Obligation Bonds (the 2018 Bonds). The 2018 Bonds were issued with interest rates of 5.250% per annum. Interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2018. Mandatory principal payments are due on December 1, commencing on December 1, 2023, with final payment due on December 1, 2048. The 2018 Bonds cannot be prepaid prior to December 1, 2022. From December 1, 2022 to November 30, 2023 bonds can be prepaid at a redemption premium of 3%. From December 1, 2023 to November 30, 2024 bonds can be prepaid at a redemption premium of 2%. From December 1, 2024 to November 30, 2025 bonds can be prepaid at a redemption premium of 1%. After November 30, 2025 bonds can be redeemed without premium.

The 2018 Bonds are secured by (1) the Required Mill Levy, (2) that portion of the Specific Ownership Tax allocable to the Required Mill Levy, and (3) Capital fees, if imposed, and (4) any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue. Proceeds of the 2018 bonds were used to (1) repay Developer advances, (2) finance the cost of capital improvements, and (3) pay the costs of issuing the 2018 Bonds.

**PRAIRIE FARM METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

Prior to the date that the Debt to Assessed Ratio is less than 50%, the Required Mill Levy shall be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with other legally available moneys in the Bond Fund, to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of fifty (50) mills (as adjusted). Such maximum and minimum mill levies are subject to adjustment per the Gallagher Amendment from December 20, 2016 and are currently 55.663 mills. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Once the Debt to Assessed Ratio is 50% or less, the Required Mill Levy shall be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, without limitation of rate and in amounts sufficient to make such payments when due.

Subordinate Limited Tax General Obligation Bonds, Series 2018B.

\$1,270,000 Subordinate General Obligation Limited Tax Obligation Bonds, Series 2018B, dated September 13, 2018, with interest of 7.375% per annum. Interest on the bonds shall be payable beginning December 15, 2018, and unpaid interest shall accrue and compound on each December 15, through maturity the principal, interest, and accrued interest shall be payable each December 15. The Series 2018B Bonds are subject to mandatory redemption beginning on December 15, 2018. In addition, the Series 2018B Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, on December 15, 2022, and on any date thereafter, upon payment of the Redemption Price thereof. The District is required to impose a maximum required mill levy of 50.000 (as adjusted) less the mill levy required to be imposed for repayment of the Senior Bonds. If the maximum mill levy is required for the Senior Bonds, no additional mill levy will be imposed for the Sub Bonds.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2022, as defined under TABOR.

Debt Service Reserve

The District is required to maintain a debt service reserve in accordance with the 2018 bond issuance. This reserve has been established.

This information is an integral part of the accompanying budget

**Prairie Farm Metropolitan District
Schedule of Long Term Obligations**

	Balance at December 31, 2020	Additions*	Repayments*	Balance at December 31, 2021*
Developer advance - Operating	156,892	-	-	156,892
	156,892	-	-	156,892
Accrued interest - Operating	19,984	9,414	-	29,398
	19,984	9,414	-	29,398
	<u>\$ 176,876</u>	<u>\$ 9,414</u>	<u>\$ -</u>	<u>\$ 186,290</u>
	Balance at December 31, 2021*	Additions*	Repayments*	Balance at December 31, 2022*
Developer advance - Operating	156,892	-	15,478	141,414
	156,892	-	15,478	141,414
Accrued interest - Operating	29,398	9,108	34,522	3,984
	29,398	9,108	34,522	3,984
	<u>\$ 186,290</u>	<u>\$ 9,108</u>	<u>\$ 50,000</u>	<u>\$ 145,398</u>

* Estimate

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE
REQUIREMENTS TO MATURITY**

\$9,290,000

**2018A General Obligation Bonds
Principal Payable December 1
5.250% Rate Interest Payable
June 1 and December 1**

Year Ended December 31,	Beginning December 1, 2018		
	Principal	Interest	Total
\$ 2,022	\$ -	\$ 487,725	\$ 487,725
2023	15,000	487,725	502,725
2024	90,000	486,938	576,938
2025	130,000	482,213	612,213
2026	155,000	475,388	630,388
2027	165,000	467,250	632,250
2028	185,000	458,588	643,588
2029	195,000	448,875	643,875
2030	220,000	438,638	658,638
2031	230,000	427,088	657,088
2032	255,000	415,013	670,013
2033	270,000	401,625	671,625
2034	295,000	387,450	682,450
2035	310,000	371,963	681,963
2036	340,000	355,688	695,688
2037	360,000	337,838	697,838
2038	390,000	318,938	708,938
2039	415,000	298,463	713,463
2040	450,000	276,675	726,675
2041	475,000	253,050	728,050
2042	510,000	228,113	738,113
2043	540,000	201,338	741,338
2044	580,000	172,988	752,988
2045	615,000	142,538	757,538
2046	660,000	110,250	770,250
2047	695,000	75,600	770,600
2048	745,000	39,113	784,113
	<u>\$ 9,290,000</u>	<u>\$ 9,047,071</u>	<u>\$ 18,337,071</u>

No assurance provided. See summary of significant assumptions.