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Accountant's Compilation Report

Board of Directors
Patriot Park Metropolitan District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Patriot Park Metropolitan District No. 2 for the year ending December 31, 2020, including the estimate of comparative information for the year ended December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these difference may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the Summary of Significant Assumptions which describe that the budget is presented in accordance with the requirements of 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 Patriot Park Metropolitan District No. 2.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 23, 2020



An independent member of Nexia International

**PATRIOT PARK METROPOLITAN DISTRICT NO. 2
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 23,215
REVENUES			
Property taxes	-	9,118	38,026
Specific ownership tax	-	1,044	4,183
Interest income	7	148	-
Operations fees	125,000	258,000	-
Developer advance	30,236	-	5,000,000
Maintenance fees	-	20,500	55,960
Other revenue	218	-	200
Total revenues	<u>155,461</u>	<u>288,810</u>	<u>5,098,369</u>
Total funds available	<u>155,461</u>	<u>288,810</u>	<u>5,121,584</u>
EXPENDITURES			
General Fund	125,225	265,503	49,000
Debt Service Fund	-	92	580
Capital Projects Fund	30,236	-	5,000,000
Total expenditures	<u>155,461</u>	<u>265,595</u>	<u>5,049,580</u>
Total expenditures and transfers out requiring appropriation	<u>155,461</u>	<u>265,595</u>	<u>5,049,580</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 23,215</u>	<u>\$ 72,004</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ 1,700</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ 1,700</u>

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

PATRIOT PARK METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Vacant land	\$ -	\$ 202,620	\$ 845,020
Certified Assessed Value	\$ -	\$ 202,620	\$ 845,020
MILL LEVY			
General	0.000	15.000	15.000
Debt Service	0.000	30.000	30.000
Total mill levy	0.000	45.000	45.000
PROPERTY TAXES			
General	\$ -	\$ 3,039	\$ 12,675
Debt Service	-	6,079	25,351
Budgeted property taxes	\$ -	\$ 9,118	\$ 38,026
BUDGETED PROPERTY TAXES			
General	\$ -	\$ 3,039	\$ 12,675
Debt Service	-	6,079	25,351
	\$ -	\$ 9,118	\$ 38,026

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

PATRIOT PARK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 16,500
REVENUES			
Property taxes	-	3,039	12,675
Specific ownership tax	-	348	1,394
Interest income	7	116	-
Other revenue	218	-	-
Operations fees	125,000	258,000	-
Maintenance fees	-	20,500	55,960
Total revenues	125,225	282,003	70,029
Total funds available	125,225	282,003	86,529
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	46	190
Directors' fees	-	-	1,600
Payroll taxes	-	-	122
Billing services	-	-	10,000
Covenant enforcement	-	-	15,000
Contingency	-	-	209
Intergovernmental expenditures	125,225	261,457	13,879
Operations and maintenance			
Trash service	-	4,000	8,000
Total expenditures	125,225	265,503	49,000
Total expenditures and transfers out requiring appropriation	125,225	265,503	49,000
ENDING FUND BALANCE	\$ -	\$ 16,500	\$ 37,529
EMERGENCY RESERVE	\$ -	\$ 650	\$ 1,700
TOTAL RESERVE	\$ -	\$ 650	\$ 1,700

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

PATRIOT PARK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/24/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 6,715
REVENUES			
Property taxes	-	6,079	25,351
Specific ownership tax	-	696	2,789
Interest income	-	32	-
Other revenue	-	-	200
Total revenues	<u>-</u>	<u>6,807</u>	<u>28,340</u>
Total funds available	<u>-</u>	<u>6,807</u>	<u>35,055</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	92	380
Contingency	-	-	200
Total expenditures	<u>-</u>	<u>92</u>	<u>580</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>92</u>	<u>580</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 6,715</u>	<u>\$ 34,475</u>

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

**PATRIOT PARK METROPOLITAN DISTRICT NO. 2
 CAPITAL PROJECTS FUND
 2020 BUDGET
 WITH 2018 ACTUAL AND 2019 ESTIMATED
 For the Years Ended and Ending December 31,**

1/23/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	30,236	-	5,000,000
Total revenues	<u>30,236</u>	<u>-</u>	<u>5,000,000</u>
Total funds available	<u>30,236</u>	<u>-</u>	<u>5,000,000</u>
EXPENDITURES			
Organization costs	30,236	-	-
Capital outlay	-	-	5,000,000
Total expenditures	<u>30,236</u>	<u>-</u>	<u>5,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>30,236</u>	<u>-</u>	<u>5,000,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**PATRIOT PARK METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Patriot Park Metropolitan District No. 1 (District No. 1) and Patriot Park Metropolitan District No. 2 (District No. 2) (collectively, the "Districts") were formed under the Consolidated Service Plan approved by the City of Colorado Springs (the "City") on April 10, 2018. District No. 2 was organized by El Paso County Court Order on May 18, 2018.

The Districts' service area is located entirely within the City of Colorado Springs, El Paso County, Colorado. The Districts were organized to provide financing and construction for parks and recreation, public art, sidewalk and public space maintenance and streetscaping.

District No. 2 voters approved authorization to increase property taxes up to \$10,000,000 annually, as necessary to pay for the operations and maintenance expenditures of the district. Debt authorization was approved in the amount of \$9,600,000 for the execution of the Agreement and \$78,720,000 for repayment costs. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20, of the Colorado constitution or any other law.

Pursuant to the Districts' Service Plan, the amount of debt that can be issued is \$8,000,000 combined for both Districts, in Limited General Obligation Bonds. District No. 2 mill levies for debt are capped at 30 mills, and operating and maintenance is capped at 15 mills. District No. 2's total cap is 45 mills, the method of calculating assessed valuation may cause adjustments in the mill levies. All Debt will be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy for all Districts.

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

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 difference may be material.

Revenues

Maintenance Fees

District No. 2 imposes a quarterly fee of \$90 from the homeowners and collects a \$250 fee at closing from each new homeowner to pay for the costs of trash service and covenant enforcement.

Developer Advances

Capital expenditures are to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when District No. 2 is financially able to reimburse the Developer from bond proceeds and other available revenue.

**PATRIOT PARK METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

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.

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 11% of the property taxes collected.

Expenditures

Intergovernmental Expenditures

Intergovernmental expenditures represent transfers to District No. 1 to provide funding for the overall administrative and operating costs for the Districts.

Capital Outlay

District No. 2 anticipates infrastructure improvements as noted in the Capital Projects Fund.

County Treasurer's Fees

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

Debt and Leases

District No. 2 has no outstanding debt and has no operating or capital leases.

**PATRIOT PARK METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Emergency Reserves

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.