**2021 ANNUAL REPORT**
**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**

As required by the Service Plan of the above-referenced District approved by the City of Brighton on February 21, 2006, and by Section 32-1-207(3)(c), C.R.S., the following report of the activities of Prairie Center Metropolitan District No. 4 (the **"District"**) from January 1, 2021 to December 31, 2021 is hereby submitted.

A. Boundary changes made: No boundary changes were made or proposed during 2021.

B. Intergovernmental Agreements entered into or terminated: The District did not enter into or terminate any Intergovernmental Agreements in 2021.

C. Access information to obtain a copy of rules and regulations adopted: There were no policy changes made or proposed during 2021. Copies of the rules and regulations of the Districts, if any, may be accessed on the District's website: https://prairiecentermd.colorado.gov

D. Summary of litigation involving the District's public improvements: There is no litigation of which we are aware, currently pending or anticipated, involving the District.

E. Status of the District's construction of public improvements: There was no construction of public improvements completed during 2021.

F. Conveyances or dedications of facilities or improvements, constructed by the District, to the City of Brighton: No facilities and improvements were dedicated and accepted by the City of Brighton in 2021.

G. Final assessed valuation of the District for the reporting year: $36,339,280

H. Current year's budget: A copy of the District's 2022 budget is attached hereto as **Exhibit A**.

I. Audited financial statements for the reporting year (or application for exemption from audit): A copy of the 2021 Audited financial statements is attached hereto as **Exhibit B**.

J. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument: To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.

K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period: To our knowledge, the District has been able to pay its obligations as they come due.

# EXHIBIT A
# 2022 BUDGET

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4

# ANNUAL BUDGET

# FOR YEAR ENDING DECEMBER 31, 2022

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**SUMMARY**
**2022 BUDGET**
**WITH 2020 ACTUAL AND 2021 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/10/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| Property taxes | 1,866,476 | 2,120,223 | 2,180,357 |
| Specific ownership taxes | 138,562 | 158,000 | 152,625 |
| Other revenue | 2,406 | 2,175 | 90,000 |
| Total revenues | 2,007,444 | 2,280,398 | 2,422,982 |
| Total funds available | 2,007,444 | 2,280,398 | 2,422,982 |
| EXPENDITURES | | | |
| General Fund | 1,171,009 | 1,330,067 | 1,410,906 |
| Debt Service Fund | 836,435 | 950,331 | 1,012,076 |
| Total expenditures | 2,007,444 | 2,280,398 | 2,422,982 |
| Total expenditures and transfers out requiring appropriation | 2,007,444 | 2,280,398 | 2,422,982 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

No assurance provided. See summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**PROPERTY TAX SUMMARY INFORMATION**
**2022 BUDGET**
**WITH 2020 ACTUAL AND 2021 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/10/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|---|---|---|
| ASSESSED VALUATION | | | |
| Commercial | $ 25,609,140 | $ 27,358,520 | $ 27,778,110 |
| Agricultural | 5,530 | 5,530 | 5,280 |
| State assessed | 69,740 | 77,710 | 74,470 |
| Vacant land | 2,709,100 | 2,384,790 | 2,563,110 |
| Personal property | 3,074,470 | 5,772,670 | 5,918,310 |
| Certified Assessed Value | $ 31,467,980 | $ 35,599,220 | $ 36,339,280 |
| MILL LEVY | | | |
| General | 35.000 | 35.000 | 35.000 |
| Debt Service | 25.000 | 25.000 | 25.000 |
| Total mill levy | 60.000 | 60.000 | 60.000 |
| PROPERTY TAXES | | | |
| General | $ 1,101,379 | $ 1,245,973 | $ 1,271,875 |
| Debt Service | 786,700 | 889,980 | 908,482 |
| Levied property taxes | 1,888,079 | 2,135,953 | 2,180,357 |
| Adjustments to actual/rounding | (2,713) | - | - |
| Refunds and abatements | (18,890) | (15,730) | - |
| Budgeted property taxes | $ 1,866,476 | $ 2,120,223 | $ 2,180,357 |
| **BUDGETED PROPERTY TAXES** | | | |
| **General** | **$ 1,088,777** | **$ 1,236,797** | **$ 1,271,875** |
| **Debt Service** | **777,699** | **883,426** | **908,482** |
| | **$ 1,866,476** | **$ 2,120,223** | **$ 2,180,357** |

No assurance provided. See summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**GENERAL FUND**
**2022 BUDGET**
**WITH 2020 ACTUAL AND 2021 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/10/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| Property taxes | 1,088,777 | 1,236,797 | 1,271,875 |
| Specific ownership taxes | 80,828 | 92,000 | 89,031 |
| Other revenue | 1,404 | 1,270 | 50,000 |
| Total revenues | 1,171,009 | 1,330,067 | 1,410,906 |
| Total funds available | 1,171,009 | 1,330,067 | 1,410,906 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer fee's | 16,364 | 18,552 | 19,078 |
| Transfers to District No. 3 | 1,154,645 | 1,311,515 | 1,341,828 |
| Contingency | - | - | 50,000 |
| Total expenditures | 1,171,009 | 1,330,067 | 1,410,906 |
| Total expenditures and transfers out requiring appropriation | 1,171,009 | 1,330,067 | 1,410,906 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**DEBT SERVICE FUND**
**2022 BUDGET**
**WITH 2020 ACTUAL AND 2021 ESTIMATED**
**For the Years Ended and Ending December 31,**

1/10/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|---|---|---|
| BEGINNING FUND BALANCES | $ - | $ - | $ - |
| REVENUES | | | |
| Property taxes | 777,699 | 883,426 | 908,482 |
| Specific ownership taxes | 57,734 | 66,000 | 63,594 |
| Other revenue | 1,002 | 905 | 40,000 |
| Total revenues | 836,435 | 950,331 | 1,012,076 |
| Total funds available | 836,435 | 950,331 | 1,012,076 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer fee's | 11,688 | 13,251 | 13,627 |
| Transfers to District No. 3 | 824,747 | 937,080 | 958,449 |
| Contingency | - | - | 40,000 |
| Total expenditures | 836,435 | 950,331 | 1,012,076 |
| Total expenditures and transfers out requiring appropriation | 836,435 | 950,331 | 1,012,076 |
| ENDING FUND BALANCES | $ - | $ - | $ - |

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**2022 BUDGET**
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

## Services Provided

Prairie Center Metropolitan District No. 4 (District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado. The District was formed by order and decree of the District Court for Adams County on May 22, 2006. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translator and mosquito and pest control services.

Concurrently with the formation of the District, the City approved service plans for Prairie Center Metropolitan District Nos. 3, 5, 6, 7, 8, 9 and 10.

During elections held on May 2, 2006, a majority of the District's electors authorized general obligation indebtedness of $6,790,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 2, 2006, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The Service Plans for District Nos. 2 – 10 limit the aggregate amount of debt that they may issue together with any debt issued by District No. 1 to $750,000,000.

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

## Revenues

### Property Taxes

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

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.

**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.

## Expenditures

### County Treasurer's Fees

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

### Transfer to Prairie Center Metropolitan District No. 3

Pursuant to a Capital Pledge Agreement with Prairie Center Metropolitan District No. 3 (Operating District), the District is obligated to impose annually in each of the years 2006-2030 a mill levy of 25.000 mills, subject to certain adjustments, and remit property tax revenues derived from such mill levy, together with facilities fees and a portion of specific ownership taxes, to the Operating District to pay for the principal and interest on bonds issued by the Operating District. Further, a Facilities Funding, Construction and Operations Agreement with all other Districts obligates the District to transfer net property taxes derived from an Operation and Maintenance mill levy, together with a portion of specific ownership taxes, to the Operating District to pay for general and administrative expenditures.

## Debt and Leases

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

## Reserves

### Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2022, as defined under TABOR, because net tax revenue is transferred to Prairie Center Metropolitan District No. 3, the Operating District, which provides for the required reserve amount.

**This information is an integral part of the accompanying budget.**

# EXHIBIT B
# 2021 AUDIT

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## Adams County, Colorado

## FINANCIAL STATEMENTS AND
## SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2021

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2021**

WIPFLI

14143 Denver W Parkway #450
Lakewood, CO 80401

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Board of Directors
Prairie Center Metropolitan District No. 4
Adams County, Colorado

Independent Auditor's Report

**Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of Prairie Center Metropolitan District No. 4 (the "District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Prairie Center Metropolitan District No. 4 as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

**Other Matters**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Wipfli LLP*

Wipfli LLP
Lakewood, Colorado

June 21, 2022

# BASIC FINANCIAL STATEMENTS

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2021**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Receivable - County Treasurer | $ 24,946 |
| Property Taxes Receivable | 2,180,357 |
| Total Assets | 2,205,303 |
| | |
| **LIABILITIES** | |
| Due to District No. 3 | 24,946 |
| Total Liabilities | 24,946 |
| | |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Property Tax Revenue | 2,180,357 |
| Total Deferred Inflows of Resources | 2,180,357 |
| | |
| **NET POSITION** | |
| Total Net Position | $ - |

*See accompanying Notes to Basic Financial Statements.*

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2021**

| | | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| **FUNCTIONS/PROGRAMS** | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | $ 1,323,236 | $ - | $ - | $ - | $ (1,323,236) |
| Interest and Related Costs on Long-Term Debt | 945,167 | - | - | - | (945,167) |
| Total Governmental Activities | $ 2,268,403 | $ - | $ - | $ - | (2,268,403) |
| | **GENERAL REVENUES** | | | | |
| | Property Taxes | | | | 2,107,851 |
| | Specific Ownership Taxes | | | | 157,425 |
| | Interest Income | | | | 3,127 |
| | Total General Revenues | | | | 2,268,403 |
| | **CHANGE IN NET POSITION** | | | | - |
| | Net Position - Beginning of Year | | | | - |
| | **NET POSITION - END OF YEAR** | | | | $ - |

*See accompanying Notes to Basic Financial Statements.*

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2021**

| | General | Debt Service | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Receivable - County Treasurer | $ 14,552 | $ 10,394 | $ 24,946 |
| Property Taxes Receivable | 1,271,875 | 908,482 | 2,180,357 |
| Total Assets | $ 1,286,427 | $ 918,876 | $ 2,205,303 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Due to District No. 3 | $ 14,552 | $ 10,394 | $ 24,946 |
| Total Liabilities | 14,552 | 10,394 | 24,946 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Property Tax Revenue | 1,271,875 | 908,482 | 2,180,357 |
| Total Deferred Inflows of Resources | 1,271,875 | 908,482 | 2,180,357 |
| **FUND BALANCES** | | | |
| Total Fund Balances | - | - | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 1,286,427 | $ 918,876 | $ 2,205,303 |

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

*See accompanying Notes to Basic Financial Statements.*

# PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
## YEAR ENDED DECEMBER 31, 2021

| | General | Debt Service | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 1,229,580 | $ 878,271 | $ 2,107,851 |
| Specific Ownership Taxes | 91,831 | 65,594 | 157,425 |
| Interest Income | 1,825 | 1,302 | 3,127 |
| Total Revenues | 1,323,236 | 945,167 | 2,268,403 |
| **EXPENDITURES** | | | |
| County Treasurer's Fees | 18,486 | 13,204 | 31,690 |
| Transfer to District No. 3 | 1,304,750 | 931,963 | 2,236,713 |
| Total Expenditures | 1,323,236 | 945,167 | 2,268,403 |
| **NET CHANGE IN FUND BALANCES** | - | - | - |
| Fund Balances - Beginning of Year | - | - | - |
| **FUND BALANCES - END OF YEAR** | $ - | $ - | $ - |

Amounts reported for governmental activities in the Statement of Activities are the same as above.

*See accompanying Notes to Basic Financial Statements.*

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 1,245,973 | $ 1,229,580 | $ (16,393) |
| Specific Ownership Taxes | 87,218 | 91,831 | 4,613 |
| Interest Income | - | 1,825 | 1,825 |
| Other Revenue | 50,000 | - | (50,000) |
| Total Revenues | 1,383,191 | 1,323,236 | (59,955) |
| **EXPENDITURES** | | | |
| County Treasurer's Fees | 18,690 | 18,486 | 204 |
| Contingency | 50,000 | - | 50,000 |
| Transfer to District No. 3 | 1,314,501 | 1,304,750 | 9,751 |
| Total Expenditures | 1,383,191 | 1,323,236 | 59,955 |
| **NET CHANGE IN FUND BALANCE** | - | - | - |
| Fund Balance - Beginning of Year | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Center Metropolitan District No. 4 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized on June 6, 2006, concurrently with Prairie Center Metropolitan District Nos. 3 and 5-10, pursuant to an order and decree of the Adams County District Court. The Service Plan for the District was approved by the City of Brighton on February 21, 2006, modified on November 13, 2006, and amended and restated on November 4, 2008 and modified on April 14, 2013.

District Nos. 3-10 were established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translation and mosquito control services.

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

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

## 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 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.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Government-Wide and Fund Financial Statements (Continued)

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.

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 current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and transferred to District No. 3 (Operating District) for the payment of principal, interest and other related costs on bonds issued by the Operating District for the benefit of the District.

### 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 and other financing uses level and lapses at year end. The District's Board of Directors 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.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The unearned 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### 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.

#### 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 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.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Equity (Continued)

Fund Balance (Continued)

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

## NOTE 3 CASH AND INVESTMENTS

### Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels 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 102% of the aggregate uninsured deposits.

The State Commissioners 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, 2021, the District had no cash deposits.

### Investments

The District has adopted a formal investment policy wherein the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those 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 or investment custodial risk disclosure requirements for investments that are in the possession of another party.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

**Investments (Continued)**

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 U.S. 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, 2021, the District had no investments.

## NOTE 4 AUTHORIZED DEBT

On May 2, 2006, the District's voters authorized total indebtedness of $6,790,000,000 for construction of public improvements, operations and maintenance expenditures and debt refunding. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized on May 2, 2006 | Authorized But Unissued |
|---|---|---|
| Streets | $ 750,000,000 | $ 750,000,000 |
| Water | 750,000,000 | 750,000,000 |
| Sewer | 750,000,000 | 750,000,000 |
| Parks and Recreation | 750,000,000 | 750,000,000 |
| Public Transportation | 750,000,000 | 750,000,000 |
| Traffic and Safety Control | 750,000,000 | 750,000,000 |
| Television Relay and Translation | 20,000,000 | 20,000,000 |
| Mosquito Control | 20,000,000 | 20,000,000 |
| Operations and Maintenance | 750,000,000 | 750,000,000 |
| Debt Refunding | 750,000,000 | 750,000,000 |
| Intergovernmental Agreements | 750,000,000 | 750,000,000 |
| Total | $ 6,790,000,000 | $ 6,790,000,000 |

## NOTE 4 AUTHORIZED DEBT (CONTINUED)

Pursuant to the Service Plans of District Nos. 2-10, the maximum aggregate principal of debt that may be incurred by all of such Districts, together with District No. 1, collectively is $750,000,000.

## NOTE 5 AGREEMENTS

**Facilities Funding, Construction, and Operations Agreement (FFCO)**

On November 8, 2006, the District entered into the Facilities Funding, Construction and Operations Agreement (as amended on May 11, 2017, the FFCO) with District Nos. 2-3 and 5-10 establishing certain expectations as to the financing, construction, operation and maintenance of improvements as contemplated in the Service Plans for the purpose of providing, in a timely and coordinated fashion, essential services within the Districts. The FFCO sets forth the agreement among such Districts relating to the provision of improvements contemplated in the Service Plans. By Notice dated December 19, 2017, District No. 7 terminated its participation as a party to the FFCO and was released from any obligations thereunder by the other Districts.

Pursuant to the FFCO, District No. 3 is designated as the Operating District and agrees to provide the following: 1) project administration services (generally comprised of contracting for and supervising the acquisition, construction, operation and maintenance of public improvements), and 2) district administration services (including, but not limited to, serving as the depository of district records, coordinating board meetings, filing and notices, preparing financial reports and budgets and coordinating legal, accounting, management, engineering and other professional services) for the other Districts that remain parties to the FFCO (Taxing Districts). The FFCO anticipates that District No. 3 will enter into intergovernmental agreements with the respective Taxing Districts whereby the Taxing Districts will agree to share in District No. 3's administration costs (Operations IGAs) and/or pledge certain revenues to pay capital projects costs incurred and/or to repay bonds issued by District No. 3 (Capital Pledge Agreements).

**Intergovernmental Agreement Regarding Facilities Fee Collection**

On November 13, 2007, the District entered into the Intergovernmental Agreement Regarding Facilities Fee Collection with District Nos. 2-3 and 5-10, whereby District No. 3 agrees to administer and collect facilities fees imposed by District Nos. 2 and 4-10; provided, however, that the revenue derived from facilities fees of a specific District shall remain the property and subject to the control of such District's Board of Directors. To the extent required by any Capital Pledge Agreement, the District will deposit facilities fees collected on behalf of said Districts with the applicable bond trustee. The Agreement was amended on September 4, 2019 to remove District No. 9 as a party, due to that district's dissolution.

## NOTE 5 AGREEMENTS (CONTINUED)

**Capital Pledge Agreement**

On October 1, 2017, District No. 3 entered into an Amended and Restated Capital Pledge Agreement with UMB Bank, n.a., the District and District No. 5 (each a Taxing District; and, collectively, the Taxing Districts) (Agreement), which superseded in its entirety a prior Capital Pledge Agreement among the parties dated December 1, 2006, as amended in 2009 and 2010. Pursuant to the Agreement, District No. 3 shall issue Bonds as necessary to finance and construct Improvements for the benefit of the Taxing Districts. The Agreement obligates the Taxing Districts to impose annually in each year through 2040 a mill levy at a rate of 25.000 mills for the District and 40.000 mills for District No. 5, subject to certain adjustments, and remit to the Trustee for bonds issued by District No. 3 tax revenues derived from such mill levies, together with facilities fees and a portion of specific ownership taxes collected by the Taxing Districts, to repay District No. 3 bonds.

The Taxing Districts' obligation to pay such revenues to District No. 3 constitute an irrevocable lien on such revenues, and each Taxing District has agreed not to issue or incur bonds, notes or other obligations payable in whole or in part from, or constituting a lien upon, the revenues pledged to District No. 3 without District No. 3's prior consent. The rate of maximum mill levy permitted to be levied by each Taxing District is 50.000 mills, subject to certain adjustments.

**Operations Financing Intergovernmental Agreement**

On May 11, 2017, the District entered into an Amended and Restated Operations Financing Intergovernmental Agreement (IGA) with District No. 3. The IGA, which supersedes in its entirety the prior Operations Financing IGA between the parties, dated December 19, 2006, requires that the District impose, collect, and remit to District No. 3 operations mill levy in order to pay for certain administrative and management costs incurred by District No. 3. The operations mill levy imposed by the District, cannot exceed the maximum mill levy for operations and maintenance authorized by the District's Service Plan less the number of mills the District has pledged to levy for payment of debt service under any Capital Pledge Agreement.

## NOTE 6 RELATED PARTIES

The developer of the property which constitutes the District is collectively THF Prairie Center Development, L.L.C., a Colorado limited liability company, and THF Prairie Center Retail One, L.L.C., a Missouri limited liability company (Developer). All members of the Board of Directors are officers or employees of an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

In September 2010, THF Prairie Center Development, L.L.C. purchased and became the owner of District No. 3's (Operating District) Series 2007 Subordinate Bonds, in the amount of $43,515,000. Such bonds were partially refunded by the issuance of District No. 3's Series 2017A and 2017B Bonds.

## NOTE 7 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; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (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 liability and public officials' liability coverage. In the event aggregated 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 8 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. As of December 31, 2021, the District has not provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 3, which provides for the required reserve amount.

On May 2, 2006, a majority of the District's electors authorized the District to increase property taxes $10,000,000 annually, without limitation to rate, to pay the District's operations and maintenance costs. Additionally, the District's voters authorized the District to collect, retain and spend all revenue in excess of TABOR spending, revenue raising or other limitations.

The District's management has taken steps it believes are necessary to comply 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, will require judicial interpretation.

## SUPPLEMENTARY INFORMATION

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4**
**DEBT SERVICE FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 889,980 | $ 878,271 | $ (11,709) |
| Specific Ownership Taxes | 62,299 | 65,594 | 3,295 |
| Interest Income | - | 1,302 | 1,302 |
| Other Revenue | 40,000 | - | (40,000) |
| Total Revenues | 992,279 | 945,167 | (47,112) |
| **EXPENDITURES** | | | |
| County Treasurer's Fees | 13,350 | 13,204 | 146 |
| Contingency | 40,000 | - | 40,000 |
| Transfers to District No. 3 | 938,929 | 931,963 | 6,966 |
| Total Expenditures | 992,279 | 945,167 | 47,112 |
| **NET CHANGE IN FUND BALANCE** | - | - | - |
| Fund Balance - Beginning of Year | - | - | - |
| **FUND BALANCE - END OF YEAR** | $ - | $ - | $ - |

## PRAIRIE CENTER METROPOLITAN DISTRICT NO. 4
## SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
## DECEMBER 31, 2021

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Taxes | | Percent Collected to Levied |
|---|---|---|---|---|---|---|
| | | General | Debt Service | Levied | Collected | |
| 2017 | $ 22,145,990 | 35.000 | 25.000 | $ 1,328,760 | $ 1,327,341 | 99.89 % |
| 2018 | 23,997,880 | 35.000 | 25.000 | 1,439,873 | 1,432,496 | 99.49 |
| 2019 | 25,513,680 | 35.000 | 25.000 | 1,530,821 | 1,525,584 | 99.66 |
| 2020 | 31,467,980 | 35.000 | 25.000 | 1,888,079 | 1,866,476 | 98.86 |
| 2021 | 35,599,220 | 35.000 | 25.000 | 2,135,953 | 2,107,851 | 98.68 |
| Estimated for the Year Ending December 31, 2022 | $ 36,339,280 | 35.000 | 25.000 | $ 2,180,357 | | |

**Note:**
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years or the abatement of taxes levied.