

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
OTHER INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2023**

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Board of Directors
Prairie Center Metropolitan District No. 1
Adams County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Prairie Center Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2023, 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. 1 as of December 31, 2023, 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 Opinions

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 opinions.

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 opinions. 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

Required Supplemental Information

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 opinions on the basic financial statements are not affected by this missing information.

Other Information

The other information, as listed in the table of contents, 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.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Wipfli LLP
Denver, Colorado

July 10, 2024

BASIC FINANCIAL STATEMENTS

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
ASSETS	
Receivable from County Treasurer	\$ 6,306
Property Tax Receivable	<u>674,085</u>
Total Assets	<u>680,391</u>
LIABILITIES	
Due to District No. 3	<u>6,306</u>
Total Liabilities	6,306
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>674,085</u>
Total Deferred Inflows of Resources	<u>674,085</u>
NET POSITION	
Total Net Position	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net Revenues (Expenses) and Changes 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	\$ 1,278,775	\$ -	\$ -	\$ -	\$ (1,278,775)
Total Governmental Activities	\$ 1,278,775	\$ -	\$ -	\$ -	(1,278,775)
 GENERAL REVENUES					
Property Taxes					1,112,818
Specific Ownership Taxes					74,810
Total General Revenues					1,187,628
 CHANGES IN NET POSITION					
Net Position - Beginning of Year					91,147
 NET POSITION - END OF YEAR					
					\$ -

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUND
DECEMBER 31, 2023**

	General	Total Governmental Funds
ASSETS		
Receivable from County Treasurer	\$ 6,306	\$ 6,306
Property Tax Receivable	674,085	674,085
Total Assets	\$ 680,391	\$ 680,391
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Due to District No. 3	\$ 6,306	\$ 6,306
Total Liabilities	6,306	6,306
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue	674,085	674,085
Total Deferred Inflows of Resources	674,085	674,085
FUND BALANCE		
Total Fund Balance	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 680,391	\$ 680,391

Amounts reported for governmental activities in the statement of net position are the same as above.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023**

	General	Total Governmental Funds
REVENUES		
Property Taxes	\$ 1,112,818	\$ 1,112,818
Specific Ownership Taxes	74,810	74,810
Total Revenues	1,187,628	1,187,628
EXPENDITURES		
Current:		
County Treasurer's Fee	16,692	16,692
Transfer To District No. 3	1,262,083	1,262,083
Total Expenditures	1,278,775	1,278,775
NET CHANGE IN FUND BALANCE	(91,147)	(91,147)
Fund Balance - Beginning of Year	91,147	91,147
FUND BALANCE - END OF YEAR	\$ -	\$ -

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

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,112,818	\$ 1,112,818	\$ 1,112,818	\$ -
Specific Ownership Taxes	77,897	72,300	74,810	2,510
Other Revenue	50,000	23,735	-	(23,735)
Total Revenues	<u>1,240,715</u>	<u>1,208,853</u>	<u>1,187,628</u>	<u>(21,225)</u>
EXPENDITURES				
Accounting	15,000	-	-	-
Auditing	3,000	-	-	-
Contingency	55,023	23,735	-	23,735
County Treasurer's Fee	16,692	16,692	16,692	-
District Management	5,000	-	-	-
Dues and Membership	1,500	-	-	-
Election	1,000	-	-	-
Insurance	3,500	-	-	-
Legal	5,000	-	-	-
Transfer To District No. 3	1,135,000	1,259,573	1,262,083	(2,510)
Total Expenditures	<u>1,240,715</u>	<u>1,300,000</u>	<u>1,278,775</u>	<u>21,225</u>
NET CHANGE IN FUND BALANCE	-	(91,147)	(91,147)	-
Fund Balance - Beginning of Year	<u>-</u>	<u>91,147</u>	<u>91,147</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Center Metropolitan District No. 1 (District), originally known as Third Creek Ranch Metropolitan District, is a quasi-municipal corporation located in 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 formed by a Decree of Organization issued by the District Court for Adams County on August 14, 1985. The Service Plan for the District was approved by Adams County, Colorado on June 24, 1985.

The District was 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 transmission, and mosquito control services.

The Boards of the District and Prairie Center Metropolitan District No. 3 (District No. 3) have determined that it is in the respective Districts' best interest that the District remit the revenues, net of fees and administrative expenditures, to District No. 3 as consideration for the benefits derived from the public improvements constructed, operated and maintained by District No. 3 which benefit the service area.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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 fund:

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The District amended its annual budget for the year ended December 31, 2023.

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.

Facilities Fees

The District assesses and charges a facilities fee for use of the District's improvements and service system. The facilities fee for nonresidential structures is seventy-five cents (\$0.75) per square foot of gross building space. The facilities fee for dwelling units follows: a) three thousand dollars (\$3,000) per single-family, detached dwelling unit, b) one thousand five hundred dollars (\$1,500) per townhome or condominium, and c) five hundred dollars (\$500) per apartment. The facilities fee is due on or before the date of issuance of a building permit by the City of Brighton or County of Adams.

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 assets 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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, 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.

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, 2023, the District had no investments.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 AUTHORIZED DEBT

On November 7, 2000, the District's voters authorized total indebtedness of \$113,000,000 for construction of public improvements and operations and maintenance expenditures and \$113,000,000 for debt refunding. Legal counsel has advised the Board that because of the length of time that has passed since the 2000 authorization, they should not rely upon the validity of the 2000 authorization with respect to unissued debt. The Board has adopted this position and does not consider the 2000 authorization to be valid with respect to unissued debt.

On November 2, 2004, the District's voters authorized an additional total indebtedness of \$1,350,000,000 for construction of public improvements and operations and maintenance expenditures. The District's voters also authorized an additional total indebtedness of \$150,000,000 for debt refunding, and \$300,000,000 each for intergovernmental agreements and for multiple fiscal year obligations. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2004	Authorized but Unused
Streets	\$ 150,000,000	\$ 150,000,000
Water	150,000,000	150,000,000
Sewer	150,000,000	150,000,000
Parks and Recreation	150,000,000	150,000,000
Public Transportation	150,000,000	150,000,000
Traffic and Safety Control	150,000,000	150,000,000
Television Relay and Translation	150,000,000	150,000,000
Mosquito Control	150,000,000	150,000,000
Operations and Maintenance	150,000,000	150,000,000
Debt Refunding	150,000,000	150,000,000
Intergovernmental Agreements	150,000,000	150,000,000
Reimbursements	150,000,000	150,000,000
IGA for Public Improvements	150,000,000	150,000,000
IGA for O&M	150,000,000	150,000,000
Total	\$ 2,100,000,000	\$ 2,100,000,000

The Service Plans for Districts Nos. 2 – 10 limit the aggregate amount of debt that they may issue together with any debt issued by the District to \$750,000,000.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 AGREEMENTS

Exclusion Agreement with Prairie Corner Development Partners, LLC

On October 5, 2020, the District entered into an Exclusion Agreement with Prairie Corner Development Partners, LLC (Prairie Corner) in which the District agreed to exclude approximately 10.73 acres of property owned by Prairie Corner (the Property) from its boundaries (Exclusion Agreement). As a condition of the District approving the exclusion of the Property, the Exclusion Agreement required that Prairie Corner reimburse the District \$687,040 for its share of certain public improvements which benefit and will continue to benefit the property, specifically a water and sewer line (the Cost Reimbursement Amount). The District received the Cost Reimbursement Amount, and the Prairie Corner property was excluded from the boundaries of the District effective as of November 24, 2020.

Operations Financing IGA

On December 7, 2022, the District entered into an Operations Financing IGA with District No. 3, which requires the District to impose, collect, and remit an operations mill levy to District No. 3 to pay for certain operations and management costs incurred by District No. 3 on the District's behalf. The operations mill levy imposed by the District cannot exceed the maximum mill levy for operations and maintenance authorized by its Service Plan less the number of mills, if any, it has pledged for payment of debt service.

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.

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 (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 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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, 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 November 2, 2004, the District's electors approved an election question to increase property taxes \$1,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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.

OTHER INFORMATION

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 1,020,170	60.000	\$ 61,210	\$ 57,093	93.27 %
2020	24,763,990	60.000	1,485,839	824,400	55.48 (1)
2021	42,321,390	60.000	2,539,283	3,189,801	125.62 (1)
2022	12,364,900	60.000	741,894	741,919	100.00
2023	18,546,960	60.000	1,112,818	1,112,818	100.00
Estimated for Year Ending December 31, 2024	\$ 11,114,710	60.648	\$ 674,085		

Note:

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

(1) The uncollected property taxes in 2020 were due to a major taxpayer filing bankruptcy in 2020. The Court granted authority to the debtors to set aside \$60 million to pay pre-petition taxes and post-petition taxes in the ordinary course. The District collected its share of past due property taxes in 2021.