

2022 ANNUAL REPORT
PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7

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. 7 (the “**District**”) from January 1, 2022 to December 31, 2022 is hereby submitted.

- A. Boundary changes made: No boundary changes were made or proposed during 2022.
- B. Intergovernmental Agreements entered into or terminated: The District did not enter into or terminate any Intergovernmental Agreements in 2022.
- C. Access information to obtain a copy of rules and regulations adopted: There were no policy changes made or proposed during 2022. Copies of the rules and regulations of the Districts, if any, may be accessed on the District’s website: <https://prairiecentermd7.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 2022.
- 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 2022.
- G. Final assessed valuation of the District for the reporting year: \$7,919,270
- H. Current year’s budget: A copy of the District’s 2023 budget is attached hereto as **Exhibit A**.
- I. Audited financial statements for the reporting year: The District 2022 Audit 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
2023 BUDGET

Prairie Center Metropolitan District No. 7
Annual Budget
For Year Ending December 31, 2023

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 7,694,333	\$ 6,129,094	\$ 5,395,838
REVENUES			
Property taxes	224,139	373,636	524,152
Specific ownership taxes	16,338	26,094	36,691
Interest income	3,348	31,050	50,000
Other revenue	6,257	9,484	8,028
Working capital fees	16,000	10,000	14,400
Operations fees	42,390	65,160	148,800
Developer advances	7,280,827	6,929,800	2,895,700
Developer advance - Project Management Fee	-	735,644	71,650
Bond issuance - Series 2021 Subordinate	3,990,000	-	-
Facilities fees	210,000	204,000	210,000
Drainage impact fees	297,700	384,720	320,600
Neighborhood park impact fees	110,500	157,286	137,970
Rebated City fees	486,487	513,514	439,205
Credit public improvement fees	109,109	134,632	138,600
Add-On public improvement fees	109,109	134,632	138,600
Credit public improvement fees - PRI	27,277	33,658	34,650
Total revenues	12,929,481	9,743,310	5,169,046
Total funds available	20,623,814	15,872,404	10,564,884
EXPENDITURES			
General Fund	301,801	387,000	457,000
Debt Service Fund	1,602,981	1,981,836	1,885,000
Capital Projects Fund	12,589,938	8,107,730	4,749,300
Total expenditures	14,494,720	10,476,566	7,091,300
Total expenditures and transfers out requiring appropriation	14,494,720	10,476,566	7,091,300
ENDING FUND BALANCES	\$ 6,129,094	\$ 5,395,838	\$ 3,473,584
EMERGENCY RESERVE	\$ 3,200	\$ 4,600	\$ 8,000
DEBT SERVICE RESERVE	812,672	812,672	812,672
PRI RESERVE	76,661	110,319	144,969
TOTAL RESERVE	\$ 892,533	\$ 927,591	\$ 965,641

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/2023

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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ASSESSED VALUATION

Residential	\$ 785,350	\$ 3,504,610	\$ -
Residential - Single-Family	-	-	5,620,200
State assessed	1,200	2,980	3,290
Vacant land	2,504,560	1,967,620	2,175,020
Personal property	69,520	105,460	120,760
Certified Assessed Value	<u>\$ 3,360,630</u>	<u>\$ 5,580,670</u>	<u>\$ 7,919,270</u>

MILL LEVY

General	11.132	11.132	11.031
Debt Service	55.664	55.664	55.156
Total mill levy	<u>66.796</u>	<u>66.796</u>	<u>66.187</u>

PROPERTY TAXES

General	\$ 37,411	\$ 62,124	\$ 87,357
Debt Service	187,066	310,642	436,795
Levied property taxes	<u>224,477</u>	<u>372,766</u>	<u>524,152</u>
Adjustments to actual/rounding	(338)	-	-
Refunds and abatements	-	870	-
Budgeted property taxes	<u>\$ 224,139</u>	<u>\$ 373,636</u>	<u>\$ 524,152</u>

BUDGETED PROPERTY TAXES

General	\$ 37,355	\$ 62,269	\$ 87,357
Debt Service	186,784	311,367	436,795
	<u>\$ 224,139</u>	<u>\$ 373,636</u>	<u>\$ 524,152</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 44,312	\$ (34,512)	\$ 4,600
REVENUES			
Property taxes	37,355	62,269	87,357
Specific ownership taxes	2,723	4,349	6,115
Interest income	52	50	-
Developer advances	118,200	274,800	195,700
Working capital fees	16,000	10,000	14,400
Operations fees	42,390	65,160	148,800
Other revenue	6,257	9,484	8,028
Total revenues	222,977	426,112	460,400
Total funds available	267,289	391,600	465,000
EXPENDITURES			
General and administrative			
Accounting	42,170	45,000	50,000
Accounting - non recurring	2,002	-	-
Audit	4,000	4,300	5,000
County Treasurer's fees	561	933	1,310
Dues and membership	478	581	700
Insurance	15,121	9,330	12,000
District management	16,504	28,000	30,000
Legal services	13,316	24,000	27,000
Election expense	-	10,000	12,000
Miscellaneous/Contingency	3,508	1,895	11,090
Operations and maintenance			
Repairs and maintenance - District Tracts	240	650	1,500
Repairs and maintenance - Park	-	9,975	-
Landscape maintenance - District Tracts	37,922	38,000	55,000
Landscape maintenance - Park	19,518	20,000	10,000
Tree care program	37,500	30,000	30,000
Electric - District Tracts	663	1,200	2,500
Community management	17,440	25,000	35,000
Billing and collection	16,156	22,000	24,000
Pet station services	359	1,500	2,500
Underdrain system maintenance	-	1,636	15,000
Snow removal	6,590	23,000	20,000
Site lighting	-	-	2,400
Irrigation water - District Tracts	67,753	90,000	110,000
Total expenditures	301,801	387,000	457,000
Total expenditures and transfers out requiring appropriation	301,801	387,000	457,000
ENDING FUND BALANCES	\$ (34,512)	\$ 4,600	\$ 8,000
EMERGENCY RESERVE	\$ 3,200	\$ 4,600	\$ 8,000
TOTAL RESERVE	\$ 3,200	\$ 4,600	\$ 8,000

No assurance provided. See summary of significant assumptions.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,230,656	\$ 1,151,856	\$ 1,041,916
REVENUES			
Property taxes	186,784	311,367	436,795
Specific ownership taxes	13,615	21,745	30,576
Credit public improvement fees	109,109	134,632	138,600
Interest income	877	10,000	20,000
Facilities fees	210,000	204,000	210,000
Add-On public improvement fees	109,109	134,632	138,600
Rebated City fees	486,487	513,514	439,205
Drainage impact fees	297,700	384,720	320,600
Neighborhood Park impact fees	110,500	157,286	137,970
Total revenues	1,524,181	1,871,896	1,872,346
Total funds available	2,754,837	3,023,752	2,914,262
EXPENDITURES			
General and administrative			
County Treasurer's fees	2,806	4,664	6,552
Miscellaneous/Contingency	-	-	14,463
Paying agent fees	-	10,000	10,000
Debt Service			
Bond interest	515,175	472,172	403,985
Bond principal	1,085,000	1,495,000	1,450,000
Total expenditures	1,602,981	1,981,836	1,885,000
Total expenditures and transfers out requiring appropriation	1,602,981	1,981,836	1,885,000
ENDING FUND BALANCES	\$ 1,151,856	\$ 1,041,916	\$ 1,029,262
DEBT SERVICE RESERVE	\$ 812,672	\$ 812,672	\$ 812,672
TOTAL RESERVE	\$ 812,672	\$ 812,672	\$ 812,672

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/25/2023

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 6,419,365	\$ 5,011,750	\$ 4,349,322
REVENUES			
Credit public improvement fees - PRI	27,277	33,658	34,650
Interest income	2,419	21,000	30,000
Bond issuance - Series 2021 Subordinate	3,990,000	-	-
Developer advances	7,162,627	6,655,000	2,700,000
Developer advance - Project Management Fee	-	735,644	71,650
Total revenues	<u>11,182,323</u>	<u>7,445,302</u>	<u>2,836,300</u>
Total funds available	<u>17,601,688</u>	<u>12,457,052</u>	<u>7,185,622</u>
EXPENDITURES			
PPI			
Village 1 - Phase 2	22,083	-	-
Village 1 - Phase 3	1,763,640	150,000	-
Village 1 - Phase 4	1,773,711	3,500,000	1,000,000
DPI			
Village 1 - Phase 1	29,069	-	-
Village 1 - Phase 2	12,658	60,000	-
Village 1 - Phase 3	1,747,616	20,000	-
Village 1 - Phase 4	1,306,248	1,400,000	-
General			
Accounting	31,180	31,000	34,000
District management	11,002	18,700	20,000
Legal	8,878	16,000	18,000
Engineering	4,398	10,000	5,000
Bond issue costs	342,554	-	-
Miscellaneous/Contingency	-	-	100,650
Project management fee	284,345	208,130	43,000
Project management fee interest	25,170	38,900	28,650
Repay Developer advance	5,227,386	2,655,000	3,500,000
Total expenditures	<u>12,589,938</u>	<u>8,107,730</u>	<u>4,749,300</u>
Total expenditures and transfers out requiring appropriation	<u>12,589,938</u>	<u>8,107,730</u>	<u>4,749,300</u>
ENDING FUND BALANCES	<u>\$ 5,011,750</u>	<u>\$ 4,349,322</u>	<u>\$ 2,436,322</u>
PRI RESERVE	\$ 76,661	\$ 110,319	\$ 144,969
TOTAL RESERVE	<u>\$ 76,661</u>	<u>\$ 110,319</u>	<u>\$ 144,969</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Prairie Center Metropolitan District No. 7 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to the 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 3-6 and 8-10, 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.

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 translation and mosquito and pest control services. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

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.

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.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. Section 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.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Property Taxes (Continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

The change in assessment ratio allows the District to adjust its mill levy. Accordingly, the District adjusted its mill levy to 11.031 for operations and 55.156 for debt service.

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.

Interest Income

Investment earned on the District's available funds has been estimated based on historical interest earnings.

Developer Advances

A portion of operations, maintenance, and capital costs of the District is expected to be funded by the Developer.

Operations and Capital Fees

The District established an operations fee of \$360 per year on each residential lot along with a one-time capital fee of \$200 upon closing to cover the costs of operations and maintaining the District improvements. In 2023, the District increases the operations fees to \$600 per year.

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees, and Neighborhood Park Impact Fees

The District entered into an Intergovernmental Agreement Regarding Assignment of Revenues (the IGA) with Prairie Center Metro District No. 3 (District No. 3). Per the IGA, District No. 3 agrees to transfer to the District its rights to receive revenues as set forth in the IGA that are directly attributable to Village I. District No. 3 is relieved from providing any public improvements or management services related to Village I as it is being developed by the District, separately from the remaining development.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees, and Neighborhood Park Impact Fees – (continued)

These assigned revenues include:

- *Facilities Fees* – being assessed for the use of the District’s improvements. The facilities fee is \$3,000 per single-family, detached dwelling unit, due on or before the date of issuance of a building permit by the City of Brighton.
- *Credit and Add-On PIF* – being assessed on use tax transactions and collected at the time of building permit issuance. The Credit PIF is calculated as 1.25% of 50% of the project valuation. The Add-On PIF is calculated as 1.00% of 50% of the project valuation.
- *Drainage Impact Fees* – the City of Brighton shall reimburse the District, on a quarterly basis from building permits issued, for the design, financing and construction of the stormwater improvements.
- *Rebated City Fees* – the City of Brighton shall remit a per-lot rebated fee to the District, on a quarterly basis from certificates of occupancy issued, in the amount of \$6,756.75 per single-family residential lot for a total reimbursement not to exceed \$2,500,000 at the completion of the Village 1 Subdivision.
- *Neighborhood Park Impact Fees* - the City of Brighton has agreed to remit the Neighborhood Park Impact Fees to the District as reimbursement for the costs of construction of certain Neighborhood Park Improvements in the amount of \$1,971 per residential unit.

Expenditures

General and Administrative

General and administrative expenditures include the estimated costs of services necessary to maintain the District’s administrative viability such as legal, management, accounting, insurance and other administrative expenses.

Operations and Maintenance

Operations and maintenance expenditures include estimated expenditures for improvements within the District related to repairs and maintenance, landscaping maintenance, park maintenance, utility costs and snow removal.

Treasurer’s Fees

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

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (Continued)

Debt Service

Payments on Series 2020 Bonds are based on the amount of funds available. Therefore, a scheduled amortization has not been included in the budget.

Series 2021 Subordinate Bonds are also structured as cash flow bonds. A debt amortization schedule has not been provided as payments are made when funds are available.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects Fund.

Debt and Leases

Limited Tax General Obligation Bonds, Series 2020

The District issued Series 2020 Limited Tax General Obligation Bonds on August 12, 2020, in the par amount of \$12,225,000. Proceeds from the sale of the Bonds will be used to finance a portion of the costs of constructing certain public infrastructure to serve the Development and certain other property within Prairie Center and repay advances made by the Developer to the District to construct such public infrastructure. A portion of the proceeds of the Bonds will also be used to fund: (a) the Reserve Fund, (b) capitalized interest on the Bonds; and (c) costs of issuing the Bonds. The Bonds will be issued as two term bonds. The first term bond bears interest at 4.125% and matures on December 15, 2036. The second term bond bears interest at 4.875% and matures on December 15, 2044. Interest on the Bonds is payable semi-annually on June 15 and December 15 ("Interest Payment Dates"), beginning on December 15, 2020, to the extent of available Pledged Revenue.

The Bonds are structured as "cash flow" bonds, meaning that no regularly scheduled payments of principal are due on the term Bonds prior to their respective maturity dates. Instead, principal is payable on each June 15 and December 15 from available Pledged Revenue, if any, pursuant to a mandatory redemption, after paying interest due on such Interest Payment Date and after funding in full interest coming due on the next Interest Payment Date (the "Subsequent Interest Payment Date"), less any amounts on deposit in such account, including any deposits from capitalized interest. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond.

The Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, Pledged PIF Revenues, PILOT revenues (if any), and any other legally available moneys of the District which the District deposits with the Trustee for application as Pledged Revenue. The forecast does not include Pledged PIF or PILOT revenues. The Bonds are also secured by amounts held in the Reserve Fund in the amount \$812,672.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

Subordinate Limited Tax General Obligation Bonds, Series 2021

The District issued Subordinate Limited Tax General Obligation Bonds (the Subordinate Bonds) on November 30, 2021, in the par amount of \$3,990,000. Proceeds from the sale of the Subordinate Bonds were used to repay advances made by the Developer to the District to construct such public infrastructure to serve the development and certain other property within Prairie Center, and to pay costs of issuing the Subordinate Bonds.

The Subordinate Bonds bear interest at the rate of 6.375% per annum and are payable annually on December 15, beginning December 15, 2022, but only to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date of June 15, 2046. Principal on the Subordinate Bonds is payable on each December 15 from, and to the extent of, Subordinate Pledged Revenue available 45 days prior to such December 15.

Accrued unpaid interest on the Subordinate Bonds compounds annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment or until discharged. In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid after application of all Subordinate Pledged Revenue available therefor on December 15, 2056, the Subordinate Bonds will be deemed discharged. No payments are permitted to be made on the Subordinate Bonds until the 2020 Senior Bonds and any other Senior Obligations issued by the District have been paid in full or defeased.

The Subordinate Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

The following is analysis of anticipated changes in the District's long-term obligations for the year ending December 31, 2022 and 2023.

	Balance - December 31, 2021	Additions	Retirements	Anticipated Balance - December 31, 2022
Bonds Payable				
Series 2020 - Senior	\$ 10,740,000	\$ -	\$ 1,495,000	\$ 9,245,000
Series 2021 - Subordinate	3,990,000	-	-	3,990,000
Accrued Interest on Bonds				
Series 2021 - Subordinate	21,197	255,820	-	277,017
Developer Advances:				
Operating	309,799	274,800	-	584,599
Capital	8,411,161	6,655,000	1,905,000	13,161,161
Accrued Interest				
Operating	37,915	35,572	-	73,487
Capital	21,604	780,000	750,000	51,604
Funding Fee Payable	66,557	87,000	-	153,557
Total	<u>\$ 23,598,233</u>	<u>\$ 8,088,192</u>	<u>\$ 4,150,000</u>	<u>\$ 27,536,425</u>
	Anticipated Balance - December 31, 2022	Additions	Retirements	Anticipated Balance - December 31, 2023
Bonds Payable				
Series 2020 - Senior	\$ 9,245,000	\$ -	\$ 1,450,000	\$ 7,795,000
Series 2021 - Subordinate	3,990,000	-	-	3,990,000
Accrued Interest on Bonds				
Series 2021 - Subordinate	277,017	255,820	-	532,837
Developer Advances:				
Operating	584,599	195,700	-	780,299
Capital	13,161,161	2,700,000	2,292,000	13,569,161
Accrued Interest				
Operating	73,487	71,331	-	144,818
Capital	51,604	1,208,000	1,208,000	51,604
Funding Fee Payable	153,557	137,000	-	290,557
Total	<u>\$ 27,536,425</u>	<u>\$ 4,567,851</u>	<u>\$ 4,950,000</u>	<u>\$ 27,154,276</u>

The District has no outstanding operating or capital leases.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of fiscal year spending for 2023, as defined under TABOR.

Debt Service Reserve

The Series 2020 Bonds are also secured by funds to be held by the Trustee in the Reserve Funds, in the required amount of \$812,672.

This information is an integral part of the accompanying budget.

EXHIBIT B
2022 AUDIT

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
Adams County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
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Board of Directors
Prairie Center Metropolitan District No. 7
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. 7 (the "District"), as of and for the year ended December 31, 2022, 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. 7 as of December 31, 2022, 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 Supplementary 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Wipfli LLP
Lakewood, Colorado

June 29, 2023

BASIC FINANCIAL STATEMENTS

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 17,122
Cash and Investments - Restricted	5,154,886
Accounts Receivable	2,535
Prepaid Expenses	10,781
Receivable from County Treasurer	2,200
Refundable Deposits	35,000
Property Taxes Receivable	524,152
Capital Assets, Not Being Depreciated:	
Construction in Progress	13,107,580
Capital Assets, Net	392,620
Total Assets	<u>19,246,876</u>
LIABILITIES	
Accounts Payable	220,955
Retainage Payable	94,420
Project Management Fee Payable	706,973
Project Management Fee Interest Payable	42,828
Accrued Interest Payable - Bonds	295,633
Noncurrent Liabilities:	
Due in More than One Year	26,987,154
Total Liabilities	<u>28,347,963</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	524,152
Total Deferred Inflows of Resources	<u>524,152</u>
NET POSITION	
Net Investment in Capital Assets	(688,266)
Restricted for:	
Emergency Reserves	4,900
Unrestricted	<u>(8,941,873)</u>
Total Net Position	<u>\$ (9,625,239)</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General Government	\$ 765,849	\$ 82,940	\$ -	\$ 33,658	\$ (649,251)
Interest and Related Costs on Long-Term Debt	1,599,715	-	-	1,528,784	(70,931)
Conveyance of Capital Assets to Other Governments	1,414,872	-	-	-	(1,414,872)
	<u>1,414,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,414,872)</u>
Total Governmental Activities	<u>\$ 3,780,436</u>	<u>\$ 82,940</u>	<u>\$ -</u>	<u>\$ 1,562,442</u>	(2,135,054)
GENERAL REVENUES					
Property Taxes					373,636
Specific Ownership Taxes					26,415
Net Investment Income					101,009
Other Revenue					11,631
Total General Revenues					<u>512,691</u>
CHANGE IN NET POSITION					(1,622,363)
Net Position - Beginning of Year					<u>(8,002,876)</u>
NET POSITION - END OF YEAR					<u>\$ (9,625,239)</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 17,122	\$ -	\$ -	\$ 17,122
Cash and Investments - Restricted	4,900	1,065,708	4,084,278	5,154,886
Accounts Receivable	2,535	-	-	2,535
Prepaid Expenses	10,781	-	-	10,781
Receivable from County Treasurer	367	1,833	-	2,200
Property Taxes Receivable	87,357	436,795	-	524,152
Refundable Deposits	-	-	35,000	35,000
	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Total Assets	<u>\$ 123,062</u>	<u>\$ 1,504,336</u>	<u>\$ 4,119,278</u>	<u>\$ 5,746,676</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 54,329	\$ -	\$ 166,626	\$ 220,955
Retainage Payable	-	-	94,420	94,420
Project Management Fee Payable	-	-	706,973	706,973
Project Management Fee Interest Payable	-	-	42,828	42,828
Total Liabilities	<u>54,329</u>	<u>-</u>	<u>1,010,847</u>	<u>1,065,176</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	<u>87,357</u>	<u>436,795</u>	<u>-</u>	<u>524,152</u>
Total Deferred Inflows of Resources	<u>87,357</u>	<u>436,795</u>	<u>-</u>	<u>524,152</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	10,781	-	-	10,781
Restricted for:				
Emergency Reserves	4,900	-	-	4,900
Debt Service	-	1,067,541	-	1,067,541
Capital Projects	-	-	3,108,431	3,108,431
Unassigned:				
General Government	(34,305)	-	-	(34,305)
Total Fund Balances	<u>(18,624)</u>	<u>1,067,541</u>	<u>3,108,431</u>	<u>4,157,348</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 123,062</u>	<u>\$ 1,504,336</u>	<u>\$ 4,119,278</u>	<u>\$ 5,746,676</u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Fund Balances - Total Governmental Funds	\$ 4,157,348
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated	13,107,580
Capital Assets, Net	392,620

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(13,235,000)
Accrued Interest Payable - Bonds	(295,633)
Developer Advance Payable	(13,573,925)
Accrued Interest Payable - Developer Advances	(110,392)
Funding Fees on Developer Advances	(67,837)

Net Position of Governmental Activities	<u>\$ (9,625,239)</u>
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PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Credit Public Improvement Fees				
from Building Permits	\$ -	\$ 134,632	\$ -	\$ 134,632
Credit Public Improvement Fees				
from Building Permits - PRI	-	-	33,658	33,658
Add-On Public Improvement Fees				
from Building Permits	-	134,632	-	134,632
Facilities Fees	-	204,000	-	204,000
Drainage Impact Fees	-	384,720	-	384,720
Rebated City Fees	-	513,514	-	513,514
Neighborhood Park Impact Fees	-	157,286	-	157,286
Working Capital Fees	15,800	-	-	15,800
Operations Fees	67,140	-	-	67,140
Property Taxes	62,269	311,367	-	373,636
Specific Ownership Taxes	4,402	22,013	-	26,415
Net Investment Income	25	33,357	67,627	101,009
Other Revenue	11,631	-	-	11,631
Total Revenues	<u>161,267</u>	<u>1,895,521</u>	<u>101,285</u>	<u>2,158,073</u>
EXPENDITURES				
General and Operations	407,179	-	71,596	478,775
Debt Service	-	1,979,836	-	1,979,836
Capital Outlay	-	-	5,709,156	5,709,156
Total Expenditures	<u>407,179</u>	<u>1,979,836</u>	<u>5,780,752</u>	<u>8,167,767</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(245,912)	(84,315)	(5,679,467)	(6,009,694)
OTHER FINANCING SOURCES (USES)				
Developer Advances	261,800	-	6,632,548	6,894,348
Repayment of Developer Advances	-	-	(2,856,400)	(2,856,400)
Total Other Financing Sources (Uses)	<u>261,800</u>	<u>-</u>	<u>3,776,148</u>	<u>4,037,948</u>
NET CHANGE IN FUND BALANCES	15,888	(84,315)	(1,903,319)	(1,971,746)
Fund Balances (Deficits) - Beginning of Year	<u>(34,512)</u>	<u>1,151,856</u>	<u>5,011,750</u>	<u>6,129,094</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u><u>\$ (18,624)</u></u>	<u><u>\$ 1,067,541</u></u>	<u><u>\$ 3,108,431</u></u>	<u><u>\$ 4,157,348</u></u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (1,971,746)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	5,447,969
Depreciation	(21,223)
Conveyance of Capital Assets to Other Governments	(1,414,872)

The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Principal Payment	1,495,000
Developer Advances	(6,894,348)
Repayment of Developer Advances - Principal	2,041,383

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Funding Fees on Developer Advances	(1,280)
Accrued Interest on Bonds Payable - Change in Liability	(252,373)
Accrued Interest on Developer Advances - Change in Liability	(50,873)

Change in Net Position of Governmental Activities	\$ (1,622,363)
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PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Working Capital Fees	\$ 28,800	\$ 28,800	\$ 15,800	\$ (13,000)
Operations Fees	90,720	90,720	67,140	(23,580)
Property Taxes	62,124	62,124	62,269	145
Specific Ownership Taxes	4,349	4,349	4,402	53
Net Investment Income	-	100	25	(75)
Other Revenue	5,000	12,000	11,631	(369)
Total Revenues	190,993	198,093	161,267	(36,826)
EXPENDITURES				
Accounting	50,000	45,000	41,653	3,347
Audit	4,300	4,300	4,300	-
Billing and Collection	18,500	23,500	26,313	(2,813)
Community Management	25,000	25,000	22,095	2,905
County Treasurer's Fees	932	932	933	(1)
Dues and Membership	550	581	581	-
Directors' Fees	-	1,500	1,500	-
District Management	20,000	22,000	22,446	(446)
Election Expense	10,000	10,000	9,690	310
Electric - District Tracts	650	1,000	1,081	(81)
Insurance	18,000	9,330	9,330	-
Irrigation Water - District Tracts	60,000	100,000	93,173	6,827
Landscape Maintenance - District Tracts	55,000	50,000	41,516	8,484
Landscape Maintenance - Park	20,000	25,000	23,236	1,764
Legal Services	20,000	35,000	31,829	3,171
Pet Station Services	5,000	5,000	1,104	3,896
Repairs and Maintenance - District Tracts	2,500	2,500	1,171	1,329
Repairs and Maintenance - Park	-	10,000	9,975	25
Site Lighting	2,400	2,400	-	2,400
Snow Removal	15,000	25,000	24,289	711
Tree Care Program	30,000	30,000	25,575	4,425
Underdrain System Maintenance	15,000	5,000	1,635	3,365
Miscellaneous/Contingency	10,168	16,957	13,754	3,203
Total Expenditures	383,000	450,000	407,179	42,821
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(192,007)	(251,907)	(245,912)	5,995
OTHER FINANCING SOURCES (USES)				
Developer Advances	194,607	292,419	261,800	(30,619)
Total Other Financing Sources (Uses)	194,607	292,419	261,800	(30,619)
NET CHANGE IN FUND BALANCE	2,600	40,512	15,888	(24,624)
Fund Balance (Deficit) - Beginning of Year	3,200	(34,512)	(34,512)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 5,800</u>	<u>\$ 6,000</u>	<u>\$ (18,624)</u>	<u>\$ (24,624)</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Center Metropolitan District No. 7 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to the 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 3-6 and 8-10, 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.

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 translation and mosquito and pest control services. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

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 property taxes, public improvement fees, 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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 as general revenues.

Separate financial statements are provided for the 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 District 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 public improvement fees and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 primary 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 payments made for principal and interest on long-term debt of governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 has amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Capital Assets

Capital assets, which include property and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress/not yet conveyed, and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to the other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Landscape Improvements

20 Years

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 and 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 property tax revenues are recorded as revenue in the year they are collected.

Operations and Capital Fees

The District established an operations fee of \$360 per year on each residential lot along with a one-time working capital fee of \$200 upon closing to cover the costs of operations and maintaining the District improvements.

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees, and Neighborhood Park Impact Fees

According to the Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues between the District and Prairie Center Metro District No. 3 (see Note 7), certain revenues are being assigned to the District, including but not limited to, the following:

Facilities Fees – The fees are \$3,000 per single-family, detached dwelling unit, due on or before the date of issuance of a building permit by the City of Brighton. Additional fees are \$1,500 per townhome/condominium, \$500 per apartment, and \$0.75 per square foot of nonresidential gross building space.

Credit and Add-On Public Improvement Fees (PIF) – The fees are assessed on use tax transactions and collected at the time of building permit issuance. The Credit PIF is calculated as 1.25% of 50% of the project valuation. The Add-On PIF is calculated as 1.00% of 50% of the project valuation.

Drainage Impact Fees – The City of Brighton shall reimburse the District, on a quarterly basis from building permits issued, for the design, financing and construction of the stormwater improvements.

Rebated City Fees – The City of Brighton shall remit a per-lot rebated fee to the District, on a quarterly basis from certificates of occupancy issued, in the amount of \$6,757 per single-family residential lot for a total reimbursement not to exceed \$2,500,000 at the completion of the Village I Subdivision.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees, and Neighborhood Park Impact Fees (Continued)

Neighborhood Park Impact Fees – the City of Brighton has agreed to remit the Neighborhood Park Impact Fees to the District as reimbursement for the costs of construction of certain Neighborhood Park Improvements in the amount of \$1,700 per residential unit.

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. This deficit will be eliminated with the receipt of funds advanced by the Developer in 2023.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 17,122
Cash and Investments - Restricted	5,154,886
Total Cash and Investments	<u>\$ 5,172,008</u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 813,890
Investments	4,358,118
Total Cash and Investments	<u>\$ 5,172,008</u>

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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, 2022, the District's cash deposits had a bank balance of \$865,657 and a carrying balance of \$813,890.

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 noted with an asterisk (*) below, 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

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted-Average Under 60 Days	\$ 3,541,966
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	816,152
Total		<u>\$ 4,358,118</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2022:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress/ Not Yet Conveyed	\$ 9,074,483	\$ 5,447,969	\$ 1,414,872	\$ 13,107,580
Total Capital Assets, Not Being Depreciated	9,074,483	5,447,969	1,414,872	13,107,580
Capital Assets, Being Depreciated:				
Landscape Improvements	424,454	-	-	424,454
Total Capital Assets, Being Depreciated	424,454	-	-	424,454
Less Accumulated Depreciation for:				
Landscape Improvements	(10,611)	(21,223)	-	(31,834)
Total Accumulated Depreciation	(10,611)	(21,223)	-	(31,834)
Total Capital Assets, Being Depreciated, Net	413,843	(21,223)	-	392,620
Governmental Activities Capital Assets, Net	<u>\$ 9,488,326</u>	<u>\$ 5,426,746</u>	<u>\$ 1,414,872</u>	<u>\$ 13,500,200</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	<u>\$ 21,223</u>
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During 2022, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Additions	Retirements	Balance - December 31, 2022	Current Portion
Bonds Payable:					
Bonds Payable -					
Series 2020	\$ 10,740,000	\$ -	\$ 1,495,000	\$ 9,245,000	\$ -
Series 2021	3,990,000	-	-	3,990,000	-
Subtotal of Bonds Payable	14,730,000	-	1,495,000	13,235,000	-
Other Debts:					
Developer Advance -					
Operating	309,799	261,800	-	571,599	-
Accrued Interest on					
Developer Advance -					
Operating	37,915	34,966	-	72,881	-
Developer Advance -					
Capital	8,411,161	6,632,548	2,041,383	13,002,326	-
Accrued Interest on					
Developer Advance -					
Capital	21,604	830,924	815,017	37,511	-
Funding Fee Payable	66,557	1,280	-	67,837	-
Subtotal of Other Debts	8,847,036	7,761,518	2,856,400	13,752,154	-
Total Long-Term Obligations	<u>\$ 23,577,036</u>	<u>\$ 7,761,518</u>	<u>\$ 4,351,400</u>	<u>\$ 26,987,154</u>	<u>\$ -</u>

Limited Tax General Obligation Bonds, Series 2020 (the Bonds)

The District issued Series 2020 Limited Tax General Obligation Bonds on August 12, 2020, in the par amount of \$12,225,000. Proceeds from the sale of the Bonds are used to finance a portion of the costs of constructing certain public infrastructure to serve the Development and certain other property within Prairie Center and repay advances made by the Developer to the District to construct such public infrastructure. A portion of the proceeds of the Bonds are also used to fund: (a) the Reserve Fund, (b) capitalized interest on the Bonds; and (c) costs of issuing the Bonds. The Bonds will be issued as two term bonds. The first term bond in the amount of \$7,225,000 bears interest at 4.125% and matures on December 15, 2036. The second term bond in the amount of \$5,000,000 bears interest at 4.875% and matures on December 15, 2044. Interest on the Bonds is payable semi-annually on June 15 and December 15 (Interest Payment Dates), beginning on December 15, 2020, to the extent of available Pledged Revenue.

The Bonds are structured as "cash flow" bonds, meaning that no regularly scheduled payments of principal are due on the term Bonds prior to their respective maturity dates. Instead, principal is payable on each June 15 and December 15 from available Pledged Revenue, if any, pursuant to a mandatory redemption, after paying interest due on such Interest Payment Date and after funding in full interest coming due on the next Interest Payment Date (the Subsequent Interest Payment Date), less any amounts on deposit in such account, including any deposits from capitalized interest.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2020 (the Bonds) (Continued)

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond.

The Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, Pledged PIF Revenues, and any other legally available moneys of the District which the District deposits with the Trustee for application as Pledged Revenue. The Bonds are also secured by amounts held in the Reserve Fund in the amount \$812,672.

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture. Acceleration of the Bonds shall not be an available remedy for an Event of Default. The Bonds do not have any unused lines of credit, and no assets have been pledged as collateral on the Bonds.

The annual debt service requirements of the Bonds are not currently determinable since they are payable only to the extent of available Pledged Revenue.

Subordinate Limited Tax General Obligation Bonds, Series 2021 (the Subordinate Bonds)

The District issued the Subordinate Bonds on November 30, 2021, in the par amount of \$3,990,000. Proceeds from the sale of the Subordinate Bonds were used to repay advances made by the Developer to the District to construct public infrastructure to serve the development and certain other property within Prairie Center, and to pay costs of issuing the Subordinate Bonds. The Subordinate Bonds bear interest at the rate of 6.375% per annum and are payable annually on December 15, beginning December 15, 2022, but only to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as "cash flow" bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date of June 15, 2046. Principal on the Subordinate Bonds is payable on each December 15 from, and to the extent of, Subordinate Pledged Revenue on deposit in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to such December 15.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Limited Tax General Obligation Bonds, Series 2021 (the Subordinate Bonds) (Continued)

Accrued unpaid interest on the Subordinate Bonds compounds annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment or until discharged. In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid after application of all Subordinate Pledged Revenue available therefor on December 15, 2056, the Subordinate Bonds will be deemed discharged. No payments are permitted to be made on the Subordinate Bonds until the 2020 Senior Bonds and any other Senior Obligations issued by the District have been paid in full or defeased.

The Subordinate Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. Subordinate Property Tax Revenues means all moneys derived from imposition by the District of the Subordinate Required Mill Levy and are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Subordinate Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of its imposition of the Subordinate Required Mill Levy. The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2025, and on any date thereafter, upon payment of par and accrued interest, with no redemption premium.

Events of default occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Subordinate Indenture. Acceleration of the Subordinate Bonds shall not be an available remedy for an Event of Default. The Subordinate Bonds do not have any unused lines of credit, and no assets have been pledged as collateral on the Subordinate Bonds.

The annual debt service requirements of the Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 2, 2006, the District's voters authorized total indebtedness of \$5,290,000,000 for construction of public improvements and operating and maintenance expenditures and \$750,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities.

At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 2, 2006	Authorization Used		Authorized But Unissued
		Series 2020 Bonds	Series 2021 Bonds	
Streets	\$ 750,000,000	\$ 8,707,455	\$ 3,511,200	\$ 737,781,345
Water	750,000,000	1,092,928	-	748,907,072
Sanitation	750,000,000	1,206,164	239,400	748,554,436
Parks and Recreation	750,000,000	1,218,453	239,400	748,542,147
Transportation	750,000,000	-	-	750,000,000
Traffic and Safety Controls	750,000,000	-	-	750,000,000
Mosquito Control	20,000,000	-	-	20,000,000
Tele Relay and Translation	20,000,000	-	-	20,000,000
Operations and Maintenance	750,000,000	-	-	750,000,000
Intergovernmental Agreements	750,000,000	-	-	750,000,000
Debt Refunding	750,000,000	-	-	750,000,000
Total	<u>\$ 6,790,000,000</u>	<u>\$ 12,225,000</u>	<u>\$ 3,990,000</u>	<u>\$ 6,773,785,000</u>

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.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Developer Advances

The District has entered into the Funding, Acquisition, and Reimbursement Agreement (Agreement) with the Developer (defined below) as amended wherein the District agrees to reimburse the Developer for advances made to the District (see Note 7). During 2022, total Developer advances recorded was \$6,894,348.

As of December 31, 2022, outstanding advances under the Agreement totaled \$571,599 for operations and maintenance costs, and \$13,002,326 for capital costs. Accrued interest on Developer advances as of December 31, 2022, totaled \$72,881 for operations and maintenance costs, and \$37,511 for capital costs.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding Fee

Under the Funding, Acquisition, and Reimbursement Agreement (Agreement), at the Developer's discretion, the District shall pay an additional funding fee on outstanding Developer advances, subject to annual appropriation. As of December 31, 2022, the outstanding Funding Fee is \$67,837.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investments in capital assets, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

As of December 31, 2022, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Capital Assets, Net	\$ 392,620
Less Capital Related Debt:	
Noncurrent Portion of Long-Term Obligations	(1,080,886)
Net Investment in Capital Assets	<u>\$ (688,266)</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2022, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 4,900
Total Restricted Net Position	<u>\$ 4,900</u>

The unrestricted component of the District's net position is a deficit. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, a portion of which have been conveyed and/or will be conveyed to other governmental entities.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 AGREEMENTS

Comprehensive Agreement

The Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement and Intergovernmental Agreement for Prairie Center (Comprehensive Agreement) was made and entered into, in December 2005, by and between the City of Brighton, the City of Brighton Water, Sewer and Drainage Enterprise, THF Prairie Center Development L.L.C., THF Prairie Center Retail One L.L.C., Prairie Center Metropolitan District No. 1 (District No. 1) and Prairie Center Metropolitan District No. 2 (District No. 2) (collectively the Districts). The Comprehensive Agreement establishes the framework for the construction and financing of public infrastructures required by the Prairie Center Development, and sets forth the terms and provisions pertaining to the imposition, collection and application of the privately imposed Credit Public Improvement Fee (Credit PIF) and privately imposed Add-On Public Improvement Fee (Add-On PIF), and the implementation of the City Sales/Use Tax Credit. The Comprehensive Agreement categorizes the public infrastructure required by the Development and legally permitted to be funded by the Districts into: 1) Primary Public Improvements (PPI), such as major and minor arterial streets and related landscaping and trails, collector streets and related landscaping and trails, traffic signals, certain potable and nonpotable water distribution lines, regional/community/neighborhood parks, trails and open spaces; 2) Parks and Recreation Public Improvements (PRI); and 3) District Public Improvements (DPI) which is comprised of all other improvements that may be provided by the Districts. The Comprehensive Agreement provides that the Districts' receipt of the 1.25% Credit PIF (for which the City grants a credit against the municipal sales and use taxes that would otherwise be payable on sales and use tax transactions) may only be used for PPI improvements. Further, the Comprehensive Agreement allows the Districts to receive a 1% Add-On PIF to finance any other public improvements or services (DPI) that the Districts are authorized by statute and its Service Plans to provide.

On November 8, 2006, an Assignment of Agreement was made between and among District No. 1, District No. 2, and District No. 3. As of the date of the assignment, District No. 1 and District No. 2 assigned to District No. 3, and District No. 3 assumed, all their rights, benefits, obligations and duties under the Comprehensive Agreement, with the exception of District No. 1's rights and obligations related to the operation of the London Mine Water Tunnel and Extension Tunnel Facility and activities related to such operation. Such rights and obligations were assigned to District No. 9 on January 1, 2008 and were conveyed by District No. 9 to a private entity in 2016. District No. 9 was dissolved in 2019.

In July 2009, the First Amendment to the Comprehensive Agreement was executed to include certain properties to the Incorporated Property for all purposes under the Comprehensive Agreement and to increase maximum amount of PPI costs that the Districts can finance with Credit PIF Revenues (Cap Amount) from \$125,000,000 to \$146,476,240.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 AGREEMENTS (CONTINUED)

Comprehensive Agreement (Continued)

In February 2012, the Second Amendment to the Comprehensive Agreement (Second Amendment) was executed to modify certain terms of the Comprehensive Agreement. The Second Amendment, among other matters, redefined Shared Revenues to include Credit PIF Revenues, Shared City Fees, Shared Sales Tax Incremental Revenues (see Cooperation Agreement below), Shared General Fund Sales Taxes (see General Fund Sales Tax Sharing Agreement below), and other City or Brighton Urban Renewal Authority (BURA) revenues that the parties agree are to be shared by the City or BURA with District No. 3 to pay or reimburse Eligible Costs. The terms as to when and how the new Revenues (such as General Fund Sales Taxes) will be shared were also explained in the Second Amendment. Further, the Second Amendment restated and clarified the definitions of Eligible Costs, which is comprised of Hard Costs, Soft Costs, Interest Costs, and Financing Costs, that can be paid from Shared Revenues. With regard to the Interest Costs incurred by District No. 3 in connection with a Developer Advance and payable from Shared Revenues, the Second Amendment allows a simple rate of 5% per annum accruing from the date of such Developer Advance.

The Third Amendment to the Comprehensive Agreement (Third Amendment) was entered into as of June 16, 2015. The Third Amendment reduced the principal amount of the 1.25% Credit PIF to be applied to PRI Improvements from \$14 million to \$9 million and requires that \$2.5 million of such revenues be paid to the City for design and/or construction of the second phase of an adult recreation center and relieved District No. 3 of its obligations under the original Cooperation Agreement related to the initial phase of the adult recreation center. The Third Amendment also provides for the City to rebate portions of certain City bridge/crossing and traffic impact fees paid with respect to development of the phase of residential single-family dwelling units known as Prairie Center Residential Village One (Village I) in the total amount of \$2.5 million, which rebated fees shall be applied to specified street improvements and shall count against the Cap Amount. The rebated use tax and rebated building permit fees (or any other rebated fees approved by Council) do not need to be applied to eligible costs related to primary public improvements and do not count against the Cap Amount. Pursuant to the Intergovernmental Agreement (IGA) entered into between the District and District No. 3, the fees as described above that are related to Village I will be collected by or transferred to the District.

Intergovernmental Agreement Regarding Facilities Fee Collection

On November 13, 2007, the District entered into the Intergovernmental Agreement Regarding Facilities Fee Collection with District Nos. 2-6 and 8-10; agreeing to let District No. 3 administer and collect facilities fees imposed by District Nos. 2-6 and 8-10; 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. The agreement was amended on September 4, 2019 to remove District No. 9 as a party, due to that District's dissolution. Pursuant to the Intergovernmental Agreement Regarding Assignment of Revenues between the District and District No. 3 (described below), the District is entitled to receive certain assigned revenues, including facilities fees collected from Prairie Center Village I Subdivision No. 1.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 AGREEMENTS (CONTINUED)

Funding, Acquisition, and Reimbursement Agreement

On October 1, 2017, the District entered into the Funding, Acquisition and Reimbursement Agreement (the FARA) with GKT Brighton Residential Development, L.L.C (the Developer) establishing certain expectations as to the financing, construction, and reimbursement on improvements located within Village I. The Agreement was amended on July 22, 2020. Pursuant to the FARA, the Developer agrees to advance funds to the District to pay for capital and operational expenses when the District's revenues are not sufficient to pay for such expenses. The District will pay the Developer interest compounding semi-annually, from the date of each Developer advance, at the rate of 3% per annum above the rate announced by Bank of America, N.A., St. Louis, Missouri, compounding semi-annually, provided that the maximum rate of such interest shall not exceed 9%. In addition, at the Developer's discretion, the District shall pay an additional funding fee of 1% on amounts outstanding 24 months from the funding date, said fee being charged once every 24 months while the amounts remain outstanding. The District's payment of Developer advances under this agreement is subject to annual appropriation.

Project Management Agreement

On October 1, 2017, the District entered into the Project Management Agreement (Project Agreement) with GKT Brighton Residential Management, L.L.C. (Project Manager), an entity affiliated with the Developer. Pursuant to the Project Agreement, the Project Manager shall provide all management services relating to the planning, design, construction, and installation of and obtaining municipal approval of the public improvements. The Project Manager's duties also include supervision, on behalf of the District, of the Construction Manager. As compensation for services provided by the Project Manager, the District shall pay, on a monthly basis, a fee of four percent (4%) of the actual cost of public improvements. Any unpaid fees will accrue interest at the rate of two percent (2%) per annum above the prime rate announced by Bank of America, N.A., St. Louis, Missouri. The Project Agreement is for one year and shall renew annually thereafter for a period of twenty (20) years. As of December 31, 2022, the outstanding balances of the project management fees and related interest are \$706,973 and \$42,828, respectively.

Prairie Center Village 1 Subdivision Filing No. 1 Development Agreement

On December 19, 2017, the District, the City of Brighton, and the Developer entered into the Prairie Center Village 1 Subdivision Filing No. 1 Development Agreement (Development Agreement). The agreement was amended on December 17, 2019. In connection with the approval of the final plat for Prairie Center Village I Subdivision Filing No. 1 the City, District, and Developer entered into the Development Agreement to memorialize their agreement regarding their respective obligations relating to the construction of certain public improvements for the Development. In the Development Agreement, the City acknowledged that the obligation to construct the Public Improvements is assigned to the District (provided that the District is not obligated to construct improvements that are not permitted by its Service Plan), and that such obligation is the joint and several obligation of the Developer and the District. The Development Agreement also acknowledges that the District has provided or will provide an improvement guarantee required by the Development Agreement.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 AGREEMENTS (CONTINUED)

Prairie Center Village 1 Subdivision Filing No. 1 Development Agreement (Continued)

The Development Agreement also provides the following: (1) the development of the Property is subject to the terms and conditions of the Comprehensive Agreement; (2) no residential building permits are to be issued prior to the preliminary acceptance of Public Improvements with respect to the applicable phase of development (Phase), and no certificates of occupancy are to be issued prior to preliminary acceptance of such Public Improvements (excepting the final asphalt lift for streets within the Phase); (3) Developer or the District is required to maintain, repair and replace the Public Improvements for a one-year period from the date of preliminary acceptance of any improvement; (4) the City is required to impose and collect a “neighborhood park impact fee” pursuant to the City’s applicable fee resolution, and that such fees are to be used to pay for or reimburse the expenses incurred by the District in connection with construction of Golden Eagle Park; (5) the District will install an underdrain system within the Development to serve the residential lots therein; (6) the District is responsible for the extension of the nonpotable water system improvements into the Development; (7) the City agrees to provide water and water taps to adequately serve the Development, subject to the applicable provisions of the Comprehensive Agreement, including provisions relating to the payment of certain water fees by the Developer or the applicable building permit applicant; (8) the City agrees to provide sanitary sewer collection and treatment services for the Development, subject to the provisions of the Comprehensive Agreement; (9) the District or the Developer is required to purchase water taps for all community landscape areas in the Development; (10) the District is required to complete all landscaping for such areas for the applicable Phase prior to issuance of any certificates of occupancy within such Phase; and (11) in the event of a breach, the City may exercise certain remedies available to it under the Development Agreement and applicable law including, withholding of any additional infrastructure permits, building permits, certificates of occupancy, or provision of new utilities fixtures or services.

Intergovernmental Agreement Regarding Assignment of Revenues (IGA)

On May 23, 2019, the District and District No. 3 entered into an Intergovernmental Agreement Regarding Assignment of Revenues (the IGA). On July 22, 2020, the District amended and restated the IGA, with an effective date of December 19, 2017. Per the IGA, District No. 3 agrees to transfer to the District its rights to receive revenues as set forth in the IGA that are directly attributable to Village I. District No. 3 is relieved from providing any public improvements or management services related to Village I as it is being developed by the District, separately from the remaining development.

NOTE 8 RELATED PARTY

The developer of the property which constitutes the District is GKT Brighton Residential Development, L.L.C., a Colorado limited liability company, (Developer). Two 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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 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; injuries to employees; 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, property 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 10 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 benefit increases.

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. 7
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Credit Public Improvement Fees from Building Permits	\$ 161,160	\$ 134,632	\$ (26,528)
Add-On Public Improvement Fees from Building Permits	161,160	134,632	(26,528)
Drainage Impact Fees	467,160	384,720	(82,440)
Rebated City Fees	689,190	513,514	(175,676)
Facilities Fees	306,000	204,000	(102,000)
Neighborhood Park Impact Fees	173,400	157,286	(16,114)
Property Taxes	310,642	311,367	725
Specific Ownership Taxes	21,745	22,013	268
Net Investment Income	1,000	33,357	32,357
Total Revenues	<u>2,291,457</u>	<u>1,895,521</u>	<u>(395,936)</u>
EXPENDITURES			
Bond Interest	461,447	472,172	(10,725)
Bond Principal	1,850,000	1,495,000	355,000
County Treasurer's Fees	4,660	4,664	(4)
Paying Agent Fees	10,000	8,000	2,000
Miscellaneous/Contingency	10,893	-	10,893
Total Expenditures	<u>2,337,000</u>	<u>1,979,836</u>	<u>357,164</u>
NET CHANGE IN FUND BALANCE	(45,543)	(84,315)	(38,772)
Fund Balance - Beginning of Year	<u>1,149,141</u>	<u>1,151,856</u>	<u>2,715</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,103,598</u>	<u>\$ 1,067,541</u>	<u>\$ (36,057)</u>

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Credit Public Improvement Fees from Building Permits - PRI	\$ 40,290	\$ 40,290	\$ 33,658	\$ (6,632)
Net Investment Income	2,500	65,000	67,627	2,627
Total Revenues	42,790	105,290	101,285	(4,005)
EXPENDITURES				
PPI				
Village 1 - Phase 2	50,000	20,000	-	20,000
Village 1 - Phase 3	100,000	150,000	119,759	30,241
Village 1 - Phase 4	1,880,000	3,400,000	3,462,138	(62,138)
DPI				
Village 1 - Phase 2	75,000	50,000	23,108	26,892
Village 1 - Phase 3	100,000	50,000	37,250	12,750
Village 1 - Phase 4	2,820,000	1,700,000	1,805,714	(105,714)
General				
Accounting	30,000	30,000	28,064	1,936
District Management	13,500	20,000	14,964	5,036
Engineering	20,000	20,000	7,716	12,284
Legal Services	13,500	20,000	20,852	(852)
Miscellaneous/Contingency	103,139	118,139	-	118,139
Project Management Fee	204,000	220,000	220,411	(411)
Project Management Fee - Interest	41,861	41,861	40,776	1,085
Total Expenditures	5,451,000	5,840,000	5,780,752	59,248
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,408,210)	(5,734,710)	(5,679,467)	55,243
OTHER FINANCING SOURCES (USES)				
Developer Advances	5,500,000	6,655,000	6,632,548	(22,452)
Repayment of Developer Advances	(2,187,000)	(2,860,000)	(2,856,400)	3,600
Total Other Financing Sources (Uses)	3,313,000	3,795,000	3,776,148	(18,852)
NET CHANGE IN FUND BALANCE	(2,095,210)	(1,939,710)	(1,903,319)	36,391
Fund Balance - Beginning of Year	5,639,970	5,011,750	5,011,750	-
FUND BALANCE - END OF YEAR	<u>\$ 3,544,760</u>	<u>\$ 3,072,040</u>	<u>\$ 3,108,431</u>	<u>\$ 36,391</u>

OTHER INFORMATION

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 20	55.277	-	\$ 1	\$ -	- %
2019	6,820	55.277	-	377	377	100.00
2020	2,933,470	66.796	-	195,944	195,943	100.00
2021	3,360,630	11.132	55.664	224,477	224,139	99.85
2022	5,580,670	11.132	55.664	372,766	373,636	100.23
Estimated for the Year Ending December 31, 2023	\$ 7,919,270	11.031	55.156	\$ 524,152		