

**2023 ANNUAL REPORT
PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7**

As required by the First Amended and Restated Service Plan of the above-referenced District approved by the City of Brighton on November 4, 2008, 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, 2023 to December 31, 2023 is hereby submitted.

- A. Boundary changes made: No boundary changes were made or proposed during 2023.
- B. Intergovernmental Agreements entered into or terminated: The District entered into that certain Memorandum of Understanding – Prairie Center Village I Subdivision Phase 3 Pipe Maintenance between the City of Brighton and the District, dated August 7, 2023.
- C. Access information to obtain a copy of rules and regulations adopted: There were no policy changes made or proposed during 2023. Copies of the rules and regulations of the District, 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: *Prairie Center Village I Phase IV Improvement Projects is expected to be completed in 2024.*
- F. Conveyances or dedications of facilities or improvements, constructed by the District, to the City of Brighton: *Prairie Center Village I Phase IV Improvement Projects received an initial acceptance by the City of Brighton in 2023.*
- G. Final assessed valuation of the District for the reporting year: \$12,512,910.
- H. Current year’s budget: A copy of the District’s 2024 budget is attached hereto as **Exhibit A**.
- I. Audited financial statements for the reporting year (or application for exemption from audit): A copy of the District’s 2023 Audit 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.

- L. Certification of the District Manager that all bid documents issued by the District during the applicable reporting period comply with the provisions of the laws of the State: The District Manager hereby certifies that all bid documents issued by the District during the applicable reporting period comply with the provisions of the laws of the State.
- M. Amount of debt, if any, issued during the applicable reporting period: No debt was issued by the District during the reporting period.
- N. Description of issues, if any, that required dispute resolution or coordination during the applicable reporting period pursuant to the procedures set forth in the Administrative Plan: There were no issues that required dispute resolution or coordination during the reporting period.
- O. Current Administrative Plan, which includes contact information for the District's administrative personnel: The current Administrative Plan is attached hereto as **Exhibit C**.

EXHIBIT A
2024 BUDGET

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

PRAIRE CENTER METROPOLITAN DISTRICT NO. 7
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 6,129,094	\$ 4,157,348	\$ 2,035,704
REVENUES			
Property taxes	373,636	524,152	935,615
Specific ownership taxes	26,415	36,376	65,494
Operations and maintenance fee	67,140	153,000	233,000
Interest income	101,009	210,010	150,000
Developer advance	6,894,348	2,541,797	1,418,668
Facilities fees	204,000	196,000	114,000
Other revenue	11,631	7,000	10,000
Developer advance - Project Management Fee	-	81,000	5,000
Credit public improvement fees	134,632	155,600	76,000
Add-On public improvement fees	134,632	155,600	76,000
Credit public improvement fees - PRI	33,658	34,650	19,000
Drainage impact fees	384,720	329,760	256,480
Rebated City fees	513,514	412,166	405,420
Neighborhood park impact fees	157,286	126,144	110,376
Administrative costs transfer fee	15,800	10,600	30,000
Total revenues	9,052,421	4,973,855	3,905,053
Total funds available	15,181,515	9,131,203	5,940,757
EXPENDITURES			
General and administrative	148,680	143,802	247,000
Operations and maintenance	271,163	223,750	313,000
Debt service	1,967,172	1,700,606	2,100,000
Capital projects	8,637,152	5,027,341	2,280,000
Total expenditures	11,024,167	7,095,499	4,940,000
Total expenditures and transfers out requiring appropriation	11,024,167	7,095,499	4,940,000
ENDING FUND BALANCES	\$ 4,157,348	\$ 2,035,704	\$ 1,000,757
EMERGENCY RESERVE	\$ 4,900	\$ 8,000	\$ 13,200
SERIES 2020 - REQUIRED DEBT SERVICE	812,672	812,672	812,672
TOTAL RESERVE	\$ 817,572	\$ 820,672	\$ 825,872

No assurance provided. See summary of significant assumptions.

PRAIRE CENTER METROPOLITAN DISTRICT NO. 7
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/25/24

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Residential - Single Family	\$ 3,504,610	\$ 5,620,200	\$ 9,720,250
State assessed	2,980	3,290	3,870
Vacant land	1,967,620	2,175,020	2,585,770
Personal property	105,460	120,760	203,020
Certified Assessed Value	<u>\$ 5,580,670</u>	<u>\$ 7,919,270</u>	<u>\$ 12,512,910</u>

MILL LEVY

General	11.132	11.031	12.462
Debt Service	55.664	55.156	62.310
Total mill levy	<u>66.796</u>	<u>66.187</u>	<u>74.772</u>

PROPERTY TAXES

General	\$ 62,124	\$ 87,357	\$ 155,936
Debt Service	310,642	436,795	779,679
Levied property taxes	<u>372,766</u>	<u>524,152</u>	<u>935,615</u>
Adjustments to actual/rounding	870	-	-
Budgeted property taxes	<u>\$ 373,636</u>	<u>\$ 524,152</u>	<u>\$ 935,615</u>

BUDGETED PROPERTY TAXES

General	\$ 62,269	\$ 87,357	\$ 155,936
Debt Service	311,367	436,795	779,679
	<u>\$ 373,636</u>	<u>\$ 524,152</u>	<u>\$ 935,615</u>

PRAIRE CENTER METROPOLITAN DISTRICT NO. 7
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (34,512)	\$ (18,624)	\$ 8,000
REVENUES			
Property taxes	62,269	87,357	155,936
Specific ownership taxes	4,402	5,800	10,916
Operations and maintenance fee	67,140	153,000	233,000
Interest income	25	10	-
Developer advance	261,800	115,857	25,348
Administrative costs transfer fee	15,800	10,600	30,000
Other revenue	11,631	7,000	10,000
Total revenues	423,067	379,624	465,200
Total funds available	388,555	361,000	473,200
EXPENDITURES			
General and administrative			
Accounting	41,653	41,000	45,000
Auditing	4,300	4,900	6,000
County Treasurer's fee	933	1,310	2,339
Directors' fees	1,500	1,200	1,600
Dues and membership	581	1,238	1,500
Insurance	9,330	10,781	12,000
District management	22,446	20,000	30,000
Legal	31,829	30,000	33,000
Miscellaneous	13,754	16,975	15,561
Election	9,690	1,846	-
Operations and maintenance			
Repairs and maintenance - District tracts	1,171	1,500	2,500
Repairs and maintenance - Park	9,975	-	-
Landscaping - District tracts	41,516	45,000	70,000
Landscape maintenance - Park	23,236	-	-
Tree care program	25,575	10,000	15,000
Electricity - District tracts	1,081	1,750	2,000
Community management	22,095	33,000	35,000
Billing	26,313	24,000	24,000
Snow removal	24,289	22,000	30,000
Underdrain system maintenance	1,635	10,000	5,000
Irrigation water - District tracts	93,173	75,000	95,000
Site lighting	-	-	2,500
Pet station services	1,104	1,500	2,000
Contingency/Reserve	-	-	30,000
Total expenditures	407,179	353,000	460,000
Total expenditures and transfers out requiring appropriation	407,179	353,000	460,000
ENDING FUND BALANCES	\$ (18,624)	\$ 8,000	\$ 13,200
EMERGENCY RESERVE	\$ 4,900	\$ 8,000	\$ 13,200
TOTAL RESERVE	\$ 4,900	\$ 8,000	\$ 13,200

No assurance provided. See summary of significant assumptions.

PRAIRE CENTER METROPOLITAN DISTRICT NO. 7
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,151,856	\$ 1,067,541	\$ 1,265,024
REVENUES			
Property taxes	311,367	436,795	779,679
Specific ownership taxes	22,013	30,576	54,578
Credit public improvement fees	134,632	155,600	76,000
Add-On public improvement fees	134,632	155,600	76,000
Interest income	33,357	70,000	50,000
Drainage impact fees	384,720	329,760	256,480
Facilities fees	204,000	196,000	114,000
Rebated City fees	513,514	412,166	405,420
Neighborhood park impact fees	157,286	126,144	110,376
Total revenues	1,895,521	1,912,641	1,922,533
Total funds available	3,047,377	2,980,182	3,187,557
EXPENDITURES			
General and administrative			
County Treasurer's fee	4,664	6,552	11,695
Paying agent fees	8,000	8,000	8,000
Contingency	-	-	80,305
Debt Service			
Bond interest	472,172	410,606	400,000
Bond principal	1,495,000	1,290,000	1,700,000
Total expenditures	1,979,836	1,715,158	2,200,000
Total expenditures and transfers out requiring appropriation	1,979,836	1,715,158	2,200,000
ENDING FUND BALANCES	\$ 1,067,541	\$ 1,265,024	\$ 987,557
SERIES 2020 - REQUIRED DEBT SERVICE	\$ 812,672	\$ 812,672	\$ 812,672
TOTAL RESERVE	\$ 812,672	\$ 812,672	\$ 812,672

No assurance provided. See summary of significant assumptions.

PRAIRE CENTER METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 5,011,750	\$ 3,108,431	\$ 762,680
REVENUES			
Interest income	67,627	140,000	100,000
Developer advance	6,632,548	2,425,940	1,393,320
Developer advance - Project Management Fee	-	81,000	5,000
Credit public improvement fees - PRI	33,658	34,650	19,000
Total revenues	6,733,833	2,681,590	1,517,320
Total funds available	11,745,583	5,790,021	2,280,000
EXPENDITURES			
Capital projects			
Accounting	28,064	27,000	30,000
District management	14,964	16,000	-
Legal	20,852	20,000	-
Project management fee	220,411	81,000	5,000
Project management fee interest	40,776	-	-
Engineering	7,716	18,000	10,000
Contingency	-	-	135,000
Repay Developer advance	2,856,400	2,844,050	2,000,000
PPI			
Village 1 - Phase 3	119,759	15,006	-
Village 1 - Phase 4	3,462,138	1,431,465	85,000
DPI			
Village 1 - Phase 2	23,108	-	-
Village 1 - Phase 3	37,250	44,000	-
Village 1 - Phase 4	1,805,714	530,820	15,000
Total expenditures	8,637,152	5,027,341	2,280,000
Total expenditures and transfers out requiring appropriation	8,637,152	5,027,341	2,280,000
ENDING FUND BALANCES	\$ 3,108,431	\$ 762,680	\$ -

No assurance provided. See summary of significant assumptions.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2024 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.

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

Revenues – (continued)

Property Taxes (Continued)

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

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

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 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 Administrative Costs Transfer Fees

The District established an operations fee on each residential lot along with a one-time administrative costs transfer fee upon closing to cover the costs of operations and maintaining the District improvements. In 2024, the District increases the operations fee to \$750 per year and the administrative costs transfer fee to \$500 per closing.

**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

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.

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.

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

Expenditures (Continued)

Treasurer's Fees

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

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, 2023 and 2024:

	Balance - December 31, 2022	Additions	Retirements	Anticipated Balance - December 31, 2023
Bonds Payable				
Series 2020 - Senior	\$ 9,245,000	\$ -	\$ 1,290,000	\$ 7,955,000
Series 2021 - Subordinate	3,990,000	-	-	3,990,000
Accrued Interest on Bonds				
Series 2021 - Subordinate	264,961	271,254	-	536,215
Developer Advances:				
Operating	571,599	115,857	-	687,456
Capital	13,002,326	2,425,940	1,594,050	13,834,216
Accrued Interest				
Operating	72,881	63,000	-	135,881
Capital	37,511	1,250,000	1,250,000	37,511
Funding Fee Payable	67,837	136,000	-	203,837
Total	<u>\$ 27,252,115</u>	<u>\$ 4,262,051</u>	<u>\$ 4,134,050</u>	<u>\$ 27,380,116</u>
	Anticipated Balance - December 31, 2023	Additions	Retirements	Anticipated Balance - December 31, 2024
Bonds Payable				
Series 2020 - Senior	\$ 7,955,000	\$ -	\$ 1,700,000	\$ 6,255,000
Series 2021 - Subordinate	3,990,000	-	-	3,990,000
Accrued Interest on Bonds				
Series 2021 - Subordinate	536,215	288,546	-	824,761
Developer Advances:				
Operating	687,456	25,348	-	712,804
Capital	13,834,216	1,393,320	750,000	14,477,536
Accrued Interest				
Operating	135,881	77,000	-	212,881
Capital	37,511	1,250,000	1,250,000	37,511
Funding Fee Payable	203,837	145,000	-	348,837
Total	<u>\$ 27,380,116</u>	<u>\$ 3,179,214</u>	<u>\$ 3,700,000</u>	<u>\$ 26,859,330</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 2024, 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
2023 AUDIT

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7

ADAMS COUNTY, COLORADO

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
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BASIC FINANCIAL STATEMENTS

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$9,257
Cash and Investments – Restricted	3,317,032
Accounts Receivable	305,301
Prepaid Expenses	10,331
Receivable from County Treasurer	2,939
Refundable Deposits	5,000
Property Taxes Receivable	935,615
Capital Assets, Not Being Depreciated:	
Construction in Progress	10,096,107
Capital Assets, Net	<u>371,397</u>
Total Assets	15,052,979
LIABILITIES	
Accounts Payable	75,223
Retainage Payable	95,148
Project Management Fee Payable	769,591
Project Management Fee Interest Payable	117,997
Accrued Interest Payable – Bonds	565,290
Noncurrent Liabilities:	
Due in More than One Year	<u>27,099,710</u>
Total Liabilities	28,722,959
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>935,615</u>
Total Deferred Inflows of Resources	<u>935,615</u>
NET POSITION	
Net Investment in Capital Assets	(1,509,321)
Restricted for:	
Emergency Reserves	8,000
Unrestricted	(13,104,274)
Total Net Position	<u>\$ (14,605,595)</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Program Revenues				Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 533,161	\$ 164,450	\$ -	\$ 39,772	\$ (328,939)
Interest Related Costs on Long- Term Debt	2,080,124	-	-	1,460,733	(619,351)
Conveyance of Capital Assets to Other Governments	4,822,083	-	-	-	(4,822,083)
Total Governmental Activities	\$ 7,435,368	\$ 164,450	\$ -	\$ 1,500,545	(5,700,373)
GENERAL REVENUES					
Property Taxes					524,772
Specific Ownership Taxes					35,250
Net Investment Income					222,927
Other Revenue					7,068
Total General Revenues					790,017
CHANGE IN NET POSITION					(4,980,356)
Net Position - Beginning of Year					(9,625,239)
NET POSITION - END OF YEAR					\$ (14,605,595)

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 9,257	\$ -	\$ -	\$ 9,257
Cash and Investments - Restricted	8,000	1,053,723	2,255,309	3,317,032
Accounts Receivable	506	301,946	2,849	305,301
Prepaid Expenses	10,331	-	-	10,331
Receivable from County Treasurer	490	2,449	-	2,939
Property Taxes Receivable	155,936	779,679	-	935,615
Refundable Deposits	-	-	5,000	5,000
Total Assets	<u>\$ 184,520</u>	<u>\$ 2,137,797</u>	<u>\$ 2,263,158</u>	<u>\$ 4,585,475</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 51,017	\$ -	\$ 24,206	\$ 75,223
Retainage Payable	-	-	95,148	95,148
Project Management Fee Payable	-	-	706,973	706,973
Project Management Fee Interest Payable	-	-	117,997	117,997
Total Liabilities	<u>51,017</u>	<u>-</u>	<u>944,324</u>	<u>995,341</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	<u>155,936</u>	<u>779,679</u>	<u>-</u>	<u>935,615</u>
Total Deferred Inflows of Resources	<u>155,936</u>	<u>779,679</u>	<u>-</u>	<u>935,615</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	10,331	-	-	10,331
Restricted for:				
Emergency Reserves	8,000	-	-	8,000
Debt Service	-	1,358,118	-	1,358,118
Capital Projects	-	-	1,318,834	1,318,834
Unassigned:				
General Government	<u>(40,764)</u>	<u>-</u>	<u>-</u>	<u>(40,764)</u>
Total Fund Balances	<u>(22,433)</u>	<u>1,358,118</u>	<u>1,318,834</u>	<u>2,654,519</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 184,520</u>	<u>\$ 2,137,797</u>	<u>\$ 2,263,158</u>	<u>\$ 4,585,475</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, 2023**

Fund Balances - Total Governmental Funds	\$ 2,654,519
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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	10,096,107
Capital Assets, Net	371,397

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

Bonds Payable	(11,945,000)
Accrued Interest Payable - Bonds	(565,290)
Developer Advance Payable	(14,642,369)
Accrued Interest Payable - Developer Advances	(390,746)
Funding Fees on Developer Advances	(121,595)
Project Management Fees	(62,618)

Net Position of Governmental Activities	<u>\$ (14,605,595)</u>
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See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Credit Public Improvement Fees				
from Building Permits	\$ -	\$ 159,088	\$ -	\$ 159,088
Credit Public Improvement Fees				
from Building Permits - PRI	-	-	39,772	39,772
Add-On Public Improvement Fees				
from Building Permits	-	159,088	-	159,088
Facilities Fees	-	207,000	-	207,000
Drainage Impact Fees	-	361,820	-	361,820
Rebated City Fees	-	459,459	-	459,459
Neighborhood Park Impact Fees	-	114,318	-	114,318
Net Investment Income	44	78,279	144,604	222,927
Operations and Maintenance Fee	152,250	-	-	152,250
Other Revenue	7,068	-	-	7,068
Property Taxes	87,460	437,312	-	524,772
Specific Ownership Taxes	5,875	29,375	-	35,250
Administrative Costs Transfer Fees	12,200	-	-	12,200
Total Revenues	264,897	2,005,739	184,376	2,455,012
EXPENDITURES				
General and Operations	312,291	-	180,653	492,944
Debt Service	-	1,715,162	-	1,715,162
Capital Outlay	-	-	1,823,048	1,823,048
Total Expenditures	312,291	1,715,162	2,003,701	4,031,154
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(47,394)	290,577	(1,819,325)	(1,576,142)
OTHER FINANCING SOURCES (USES)				
Developer Advances	43,585	-	2,200,710	2,244,295
Developer Advances - Project				
Management Fee	-	-	62,618	62,618
Repayment of Developer Advances	-	-	(2,233,600)	(2,233,600)
Total Other Financing Sources (Uses)	43,585	-	29,728	73,313
NET CHANGE IN FUND BALANCES	(3,809)	290,577	(1,789,597)	(1,502,829)
Fund Balances (Deficits) - Beginning of Year	(18,624)	1,067,541	3,108,431	4,157,348
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (22,433)</u>	<u>\$ 1,358,118</u>	<u>\$ 1,318,834</u>	<u>\$ 2,654,519</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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (1,502,829)

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	1,810,610
Depreciation	(21,223)
Conveyance of Capital Assets to Other Governments	(4,822,083)

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	1,290,000
Developer Advances	(2,244,295)
Repayment of Developer Advances - Principal	1,175,851

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	(53,758)
Accrued Interest on Bonds Payable - Change in Liability	(269,657)
Accrued Interest on Developer Advances - Change in Liability	(280,354)
Project Management Fees	(62,618)

Change in Net Position of Governmental Activities	\$ (4,980,356)
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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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 44	\$ 44
Operations and Maintenance Fee	148,800	152,250	3,450
Other Revenue	8,028	7,068	(960)
Property Taxes	87,357	87,460	103
Specific Ownership Taxes	6,115	5,875	(240)
Administrative Costs Transfer Fees	14,400	12,200	\$ (2,200)
Total Revenues	264,700	264,897	197
EXPENDITURES			
Accounting	50,000	43,514	6,486
Auditing	5,000	4,900	100
Billing	24,000	25,232	(1,232)
Community Management	35,000	33,284	1,716
County Treasurer's Fee	1,310	1,311	(1)
Directors' Fees	-	1,200	(1,200)
District Management	30,000	13,982	16,018
Dues and Membership	700	1,238	(538)
Election	12,000	1,846	10,154
Electricity - District Tracts	2,500	1,531	969
Insurance	12,000	11,231	769
Irrigation Water- District Tracts	110,000	75,715	34,285
Landscape Maintenance - Park	10,000	-	10,000
Landscaping - District Tracts	55,000	43,897	11,103
Legal	27,000	24,668	2,332
Miscellaneous	11,090	14,558	(3,468)
Pet Station Services	2,500	1,238	1,262
Repairs and Maintenance - District Tracts	1,500	932	568
Site Lighting	2,400	-	2,400
Snow Removal	20,000	12,014	7,986
Tree Care Program	30,000	-	30,000
Underdrain System Maintenance	15,000	-	15,000
Total Expenditures	457,000	312,291	144,709
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(192,300)	(47,394)	(144,906)
OTHER FINANCING SOURCES (USES)			
Developer Advances	195,700	43,585	(152,115)
Total Other Financing Sources (Uses)	195,700	43,585	(152,115)
NET CHANGE IN FUND BALANCE	3,400	(3,809)	(7,209)
Fund Balance (Deficit) - Beginning of Year	4,600	(18,624)	(23,224)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 8,000</u>	<u>\$ (22,433)</u>	<u>\$ (30,433)</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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, 2023.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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
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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 Maintenance and Administrative Costs Transfer Fees

The District established an operations and maintenance fee of \$600 per year on each residential lot along with a one-time administrative costs transfer fee of \$200 upon closing to cover the costs of operations and maintaining the District improvements.

By resolution adopted on December 4, 2023, effective on January 1, 2024, the operations and maintenance fee will increase to \$750 per year and the administrative costs transfer fee will increase to \$500.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2023. This deficit will be eliminated with the receipt of funds advanced by the Developer in 2024.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 9,257
Cash and Investments - Restricted	3,317,032
Total Cash and Investments	<u>\$ 3,326,289</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	\$ 384,570
Investments	2,941,719
Total Cash and Investments	<u>\$ 3,326,289</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.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had a bank balance of \$394,428 and a carrying balance of \$384,570.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

As of December 31, 2023, 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	\$ 2,121,084
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	820,635
Total		<u>\$ 2,941,719</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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.

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2023:

	Balance at December 31, 0	Increases	Decreases	Balance at December 31, 1899
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress/ Not Yet Conveyed	\$ 13,107,580	\$ 1,810,610	\$ 4,822,083	\$ 10,096,107
Total Capital Assets, Not Being Depreciated	13,107,580	1,810,610	4,822,083	10,096,107
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	(31,834)	(21,223)	-	(53,057)
Total Accumulated Depreciation	(31,834)	(21,223)	-	(53,057)
Total Capital Assets, Being Depreciated, Net	392,620	(21,223)	-	371,397
Governmental Activities Capital Assets, Net	<u>\$ 13,500,200</u>	<u>\$ 1,789,387</u>	<u>\$ 4,822,083</u>	<u>\$ 10,467,504</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

General Government	<u>\$ 21,223</u>
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During 2023, 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.

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, 2023:

	Balance at December 31, -	Additions	Retirements	Balance at December 31, 1899	Current Portion
Bonds Payable:					
Bonds Payable -					
Series 2020	\$ 9,245,000	\$ -	\$ 1,290,000	\$ 7,955,000	\$ -
Series 2021	3,990,000	-	-	3,990,000	-
Subtotal of Bonds Payable	13,235,000	-	1,290,000	11,945,000	-
Other Debts:					
Developer Advance -					
Operating	571,599	43,585	-	615,184	-
Accrued Interest on					
Developer Advance -					
Operating	72,881	63,035	-	135,916	-
Developer Advance -					
Capital	13,002,326	2,200,710	1,175,851	14,027,185	-
Accrued Interest on					
Developer Advance -					
Capital	37,511	1,275,068	1,057,749	254,830	-
Funding Fee Payable	67,837	53,758	-	121,595	-
Subtotal of Other Debts	13,752,154	3,636,156	2,233,600	15,154,710	-
Total Long-Term					
Obligations	<u>\$ 26,987,154</u>	<u>\$ 3,636,156</u>	<u>\$ 3,523,600</u>	<u>\$ 27,099,710</u>	<u>\$ -</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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, 2023, 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 2023, total Developer advances recorded was \$2,244,295.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

As of December 31, 2023, outstanding advances under the Agreement totaled \$615,184 for operations and maintenance costs, and \$14,027,185 for capital costs. Accrued interest on Developer advances as of December 31, 2023, totaled \$135,916 for operations and maintenance costs, and \$254,830 for capital costs.

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, 2023, the outstanding Funding Fee is \$121,595.

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, 2023, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Capital Assets, Net	\$ 371,397
Less Capital Related Debt:	
Noncurrent Portion of Long-Term Obligations	(1,880,718)
Net Investment in Capital Assets	<u>\$ (1,509,321)</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, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 8,000
Total Restricted Net Position	<u>\$ 8,000</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 NET POSITION (CONTINUED)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Comprehensive Agreement (Continued)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

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.

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, 2023, the outstanding balances of the project management fees and related interest are \$706,973 and \$42,828, respectively.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

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.

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.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

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 PARTIES

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

The Developer advanced funds to the District pursuant to following agreement (see Note 5 Long-Term Obligations and Note 7 Agreements for additional information):

Funding, Acquisition and Reimbursement Agreement

- Purpose: To fund public improvements within the District and to pay general, administrative, operations and maintenance costs of the District.
- Parties: The District and GKT Brighton Residential Development, L.L.C.
- Date: October 1, 2017, as amended July 22, 2020.
- Interest Rate: 3% per annum above the rate announced by Bank of America, N.A., St. Louis, Missouri, compounding semi-annually, not to exceed 9%.
- Principal Balance at December 31, 2023: \$14,027,185 for capital costs; \$615,184 for general fund costs.
- Accrued Interest Balance at December 31, 2023: \$254,830 for capital costs; \$135,916 for general fund costs.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Credit Public Improvement Fees from Building Permits	\$ 138,600	\$ 159,088	\$ 20,488
Add-On Public Improvement Fees from Building Permits	138,600	159,088	20,488
Drainage Impact Fees	320,600	361,820	41,220
Facilities Fees	210,000	207,000	(3,000)
Net Investment Income	20,000	78,279	58,279
Neighborhood Park Impact Fees	137,970	114,318	(23,652)
Property Taxes	436,795	437,312	517
Rebated City Fees	439,205	459,459	20,254
Specific Ownership Taxes	30,576	29,375	(1,201)
Total Revenues	<u>1,872,346</u>	<u>2,005,739</u>	<u>133,393</u>
EXPENDITURES			
Bond Interest	403,985	410,606	(6,621)
Bond Principal	1,450,000	1,290,000	160,000
County Treasurer's Fees	6,552	6,556	(4)
Paying Agent Fees	10,000	8,000	2,000
Miscellaneous/Contingency	14,463	-	14,463
Total Expenditures	<u>1,885,000</u>	<u>1,715,162</u>	<u>169,838</u>
NET CHANGE IN FUND BALANCE	(12,654)	290,577	303,231
Fund Balance - Beginning of Year	<u>1,041,916</u>	<u>1,067,541</u>	<u>25,625</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,029,262</u>	<u>\$ 1,358,118</u>	<u>\$ 328,856</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, 2023**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Credit Public Improvement Fees from Building Permits - PRI	\$ 34,650	\$ 34,650	\$ 39,772	\$ 5,122
Net Investment Income	30,000	140,000	144,604	4,604
Total Revenues	64,650	174,650	184,376	9,726
EXPENDITURES				
PPI				
Village 1 - Phase 3	-	15,006	15,707	(701)
Village 1 - Phase 4	1,000,000	1,431,465	913,288	518,177
DPI				
Village 1 - Phase 3	-	44,000	46,607	(2,607)
Village 1 - Phase 4	-	530,820	835,008	(304,188)
General				
Accounting	34,000	27,000	29,010	(2,010)
District Management	20,000	16,000	-	16,000
Legal	18,000	20,000	13,856	6,144
Project Management Fee	43,000	81,000	62,618	18,382
Project Management Fee Interest	28,650	-	75,169	(75,169)
Engineering	5,000	18,000	12,438	5,562
Contingency	100,650	72,659	-	72,659
Total Expenditures	1,249,300	2,255,950	2,003,701	252,249
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(1,184,650)	(2,081,300)	(1,819,325)	261,975
OTHER FINANCING SOURCES (USES)				
Developer Advances	2,700,000	2,425,940	2,200,710	(225,230)
Developer Advances - Project Management Fee	71,650	81,000	62,618	(18,382)
Repayment of Developer Advances	(3,500,000)	(2,844,050)	(2,233,600)	610,450
Total Other Financing Sources (Uses)	(728,350)	(337,110)	29,728	366,838
NET CHANGE IN FUND BALANCE	(1,913,000)	(2,418,410)	(1,789,597)	628,813
Fund Balance - Beginning of Year	4,349,322	3,108,431	3,108,431	-
FUND BALANCE - END OF YEAR	<u>\$ 2,436,322</u>	<u>\$ 690,021</u>	<u>\$ 1,318,834</u>	<u>\$ 628,813</u>

OTHER INFORMATION

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
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
2023	7,919,270	11.031	55.156	524,152	524,772	100.12
Estimated for Year Ending December 31, 2024	\$ 12,512,910	12.462	62.310	\$ 935,615		

EXHIBIT C
ADMINISTRATIVE PLAN

**ADMINISTRATIVE PLAN
PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
(EFFECTIVE MAY 1, 2020)**

Prairie Center Metropolitan District No. 7 (the “**District**”), a quasi-municipal corporations and political subdivision of the State of Colorado, hereby sets forth what shall constitute the District’s Administrative Plan, as required under Section V.D of the District’s First Amended and Restated Service Plan, approved by the City of Brighton, Colorado (the “**City**”) November 4, 2008, as modified on April 14, 2013.

1. Administrative contact personnel:

General Inquiries:

Ann Finn
District Manager
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Phone: (303) 987-0835
Facsimile: (303) 987-2032
E-mail address: afinn@sdmsi.com

Community Management & Covenant Control:

Peggy Ripko
Community Management Division Manager
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Phone: (303) 987-0835
Facsimile: (303) 987-2032
E-mail address: pripko@sdmsi.com

2. The District Manager has authority and responsibility for responding to and coordinating the resolution of issues related to the District’s structure and services arising from residents, taxpayers and service users. The Community Management Division Manager is responsible for community management issues, including covenant control, design review requests and implementation of rules and regulations.

3. The District Manager is the initial contact for complaints from residents, taxpayers and service users of the District. The District Manager shall record the nature of the complaint and the name and contact information of the complainant. If it is an issue for which the District Manager cannot provide information or resolution, the District Manager will present the issue at the next scheduled meeting of the District’s Board of Directors (the “**Board**”) for resolution and/or approved action. The Board shall consider the issue and recommend and authorize specific action toward resolution. The District Manager will then contact the complainant and inform him/her of the action the Board has authorized her to take toward

resolving the problem. If this is not satisfactory to the complainant, the process may either be repeated through the District Manager or the complainant may be invited to speak to the Board directly, either at the next scheduled Board meeting or via a letter to the Board. If there are several complainants who need a specific, coordinated resolution of an issue, the Board will hear the complaint at a scheduled Board meeting and provide its proposed resolution in writing after consideration of the issue by the Board.

4. Board meetings shall be held at 16888 E. 144th Avenue, Brighton, Colorado, unless another location within the City is specified in the notice pursuant to which a meeting of the Board has been scheduled.

5. The District hereby sets forth its requirement that, at each of its construction sites, a notice must be posted which identifies the District as the project sponsor and sets forth contact information for the District Manager, who shall therein be designated as the District's contact person.

6. The procedures established by the District for providing notice to property owners of the information required in Section V.D.6 of the Service Plan are as follows:

The District has recorded in the real property records of Adams County, Colorado, the Special District Disclosure Document required by Section 32-1-104.8, C.R.S., which provides notice to property owners within the District of the existence of the District and a general description of the District's powers. The District has and will continue to provide to homebuilders a Disclosure to Purchasers for distribution to potential homeowners. The Disclosure to Purchasers describes more specifically the types and amounts of taxes levied and fees imposed by the District and a statement that the District is not related to or affiliated with the City, together with contact information for the District. Additionally, the District maintains a web site, which is updated periodically and provides, in addition to contact information, additional information about the District's activities and operations, including notices, agendas and minutes for Board meetings, community management, maintenance and covenant control services provided by the District, financial documents and other information. See: <https://www.colorado.gov/pcmd7>.

This Administrative Plan amends and supersedes all prior Administrative Plans of the District and shall be effective as of May 1, 2020.

By: 
Ann Finn, Secretary